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ROYAL COMMISSION

ON

BROADCASTING

HEARINGS

HELD AT

OTTAWA, ONT.

APRIL 30, 1956

v. 1





ROYAL COMMISSION ON BROADCASTING

The Sittings of The Commission Commenced in Ottawa, Ontario, in the Supreme Court Building, at 10 A.M. on Monday, April 30, 1956.

PRESENT:

THE CHAIRMAN

ROBERT M. FOWLER

COMMISSIONER

EDMOND TURCOTTE

COMMISSIONER

JAMES STEWART

.....

COMMISSION COUNSEL

JOHN M. COYNE

A.J. deGRANDPRE

.....

SECRETARY

PAUL PELLETIER

.....

APPEARANCE:

A.D. DUNTON

CHAIRMAN, BOARD OF GOVERNORS  
OF THE CANADIAN BROADCASTING  
CORPORATION

.....

THE CHAIRMAN: Ladies and gentlemen, we will now open the first public hearings of this Commission, and perhaps at the outset I should say just a word about the plans and procedures that we have. The schedule of hearings has been announced, and I think we have set ourselves a fairly strenuous program for the next two months.

If we complete the program as planned we will by the end of June have visited every Province of Canada, and we will have heard all the briefs that have been filed with





us, except part of those to be heard in Toronto, and those in Montreal, and those at the final sittings here in Ottawa. We thought we wouldn't try to hold public hearings in July and August although there will be a good deal of work going forward in those months, and the Commission will be busy on its work in July and August. The dates for the sittings in September will be announced later when we see how we are getting along in the next couple of months, but we hope to complete all the hearings in two or three weeks next Fall. That is those that we do not finish by the end of June.

Then of course when that is all over we will have to consider the mass of material that has been made available to us both in public hearings and a number of private studies that we have instituted, and then reach our decision and report it to the Government.

We thought as a general rule we would plan to sit from 10 A.M. until 12:30, and then come back around 2:15 or 2:30 and sit until approximately 5 o'clock in the afternoon. We do want to avoid evening sittings because there is, as you will imagine, a good deal of homework to do in the evening. We will just have to try it out, and see how it goes, and I do hope that everyone will collaborate to maintain the pace in the schedule that we have set.

Now in the hearings themselves while here in Ottawa we are in a fairly formal atmosphere our hope is that we can keep our procedure fairly informal. We must, of course, keep a certain order, and get on with the work as quickly as we can.

Our two counsel, Mr. Coyne and Mr. Grandpre, and any witness who is presenting a brief may remain seated unless you prefer to stand. As far as we are concerned you may speak





from your seat. It is not, in other words, a formal legal procedure or Court of Enquiry. We have no rigid rules of procedure. Those organizations who are presenting briefs have submitted them in writing, and as far as it is possible to do so the Commissioners and Counsel will have read the briefs in advance. In general, therefore, it will not be necessary for a brief to be read verbatim. At the same time we hope those presenting briefs will be able to outline them for us and detail their main points and recommendations.

First it will be helpful to us to get a clear view of the representations that are being made and help to get them into our minds, and secondly I think it is important that the views expressed will be made available for the Canadian Radio and Television Broadcasting which we find is of very widespread interest to Canadians.

Except in the matter of clarification of meaning we will try not to interrupt anyone presenting a brief but after the presentation has been made Counsel may ask questions and the three Commissioners may also ask questions. We are starting in Ottawa with the main submissions of the C.B.C., to be followed by the main submissions of the Canadian Association of Radio and Television Broadcasting. Then we will have briefs from the "Radio in The Northwest Territories" and "Radio in The Yukon Territory", and finally we will hear the submissions of the Canadian Congress of Labour.

It looks as though that will be as much as we will be able to get through here in Ottawa, but we will sit for as long as is required to hear other briefs to be presented at the Nation's Capital.





Now we have told the other two organizations, the C.B.C. and the C.A.R.T.B. that they will have the right to appear again at our final session and deal with any supplementary points that may arise during the public hearings. That is all the hearings right throughout Canada.

The purpose of the arrangement is an obvious one, to enable as much as possible as expeditious a hearing as we can get. We want to be able to concentrate at the outset on the points that seem to them to be relevant and important without feeling it is necessary at this stage to try to anticipate every point that might possibly be raised later on in the hearings.

However I think we should be clear on this procedure right from the start. We expect the first two briefs will raise for the Commission and for the general information of the Canadian public all issues concerning radio and television broadcasting which are felt by the C.B.C. and C.A.R.T.B. to be important so long, of course, as they fall within our terms of reference. We don't intend that they should have two bites of the cherry, so to speak; that they should hold back points for the final hearings.

I think I should raise the point at the outset, we have called these second appearances the right of reply, and we mean just that; the right to answer new points and information that may be raised in subsequent submissions that may be made to us.

Perhaps I should make clear one other point: We will be examining the spokesman for the C.B.C. and the C.A.R.T.B. at these sittings, as well as our two Counsel, and we hope to make that as searching as we can, but we do





reserve the right to examine both the C.B.C. and the C.A.R.T.B. in the Fall on any points that fall within our terms of reference.

In recent months we have tried to inform ourselves as to the issues involved. We have started with a number of studies, only part of which have been submitted to us so far, and most of them only within the last couple of days. We are concerned here in this country with large and complicated problems, and to-day we will only be able to grasp the essentials of the issues involved.

Presumably as we proceed those issues will become clearer in our minds, and undoubtedly we will be in a better position to examine the submissions for the C.B.C. and the C.A.R.T.B. when we have heard the other briefs, and have done much more study than has yet been possible. We will, in our questioning of these two stations, the C.B.C. and the C.A.R.T.B., cover as much as we can, but we do want to reserve the right to continue that examination of these two agencies when we meet in September.

Now, about this procedure of questioning: We are going to do it not only for these two organizations I have mentioned but for all who present briefs to us. The three Commissioners are approaching their task with no preconceived ideas, and certainly with no solutions in mind. We want to get down to the essential issues and find out first of all what the issues are, and then work out some practical solutions and procedures for dealing with these issues if we can.





To do this I think we will have to have searching and detailed questioning, and we intend to do that, but you will all see very quickly the dangers of that kind of procedure. Whatever witnesses are appearing before us at the moment will be questioned by our counsel and by us to elicit his views. Such questions may have the appearance of being opposed to the stated views of the witness who happens to be before us.

When, for example, I am questioning Mr. Dunton of the C.B.C. I may sound like a supporter of private broadcasting. I can promise you when I come to the submission of the C.A.R.T.B. I may sound equally like a proponent of the public system in the interests of getting down to the real issues. When we get down to that both our counsel will proceed in this way, so I hope no one will try to read into this any indication that the Commission has reached a conclusion on any point. We will reach no conclusion until all the evidence is in, and we will give our best study to the issues raised in the terms of reference.

And finally a word about the controversy that seems to surround us, the controversy between radio and broadcasting in Canada. I think I have heard this word more than any other in connection with the task the Commission is now starting. It seems there is a considerable divergence of opinion among Canadians about broadcasting. By all means let us have an opinion upon any issue that deals with our problems, but there are different ways in which this can be done. It is a question of method or style, if you will.

May I suggest if we can't at all times be good-





humoured we can be good-tempered. This is a typical Canadian problem we are facing, not in its essence any different from other problems we have had to face and solve in the past, and I think we have to try and find a solution for this one also. My plea is not for weakness or timidity in putting opinions forward, or any lack of vigour, but I do plead for an attitude of tolerance in this debate we are now starting. I think we should realize that any of us could be wrong, and that the wrong ones might conceivably be ourselves.

Is there anything you want to add, Mr. Turcotte?

COMMISSIONER TURCOTTE: No sir.

THE CHAIRMAN: I think, Mr. Pelletier, you will file as our first Exhibit P.C. 1955-1796.

I don't think there is any need to read it unless anyone wants us to. That will be Exhibit 1. Our proposal is that we will simply file the various exhibits as we have a number of briefs to present and we need to keep some order in them, and file them in chronological order. If the first witness wishes to file twenty documents we will file them 2, 3, 4, 5 and so on, up to 21. It might not be a bad idea, as Mr. Turcotte suggests, to read the Order-in-Council.

"Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency, the Governor-General, on the 2nd December, 1955.

The Committee of the Privy Council have had before them a report dated December 1st, 1955, from the Right Honourable Louis S. St-Laurent, the Prime





Minister, representing:

"That the Royal Commission on National Development in the Arts, Letters and Sciences recommended 'that the whole subject of television broadcasting in Canada be reconsidered by an independent investigating body not later than three years after the commencement of regular Canadian television broadcasting';

"That it is now about three years since regular Canadian television broadcasts commenced;

"That the aspects of sound radio broadcasting which are related to television broadcasting should be considered at the same time;

"That the Special Committee on Broadcasting of the House of Commons has on several occasions expressed the view that Canadian broadcasting should be such as to give expression to Canadian ideas and aspirations and reach the greatest possible number of Canadians; and

"That the reconsideration of television broadcasting should be based upon the principles that the grant of the exclusive use of certain frequencies or channels for broadcasting shall continue to be under the control of the Parliament of Canada, and that the broadcasting and distribution of Canadian programmes by a public agency shall continue to be the central feature of Canadian broadcasting policy.

"The Committee, therefore, on the recommendation of the Right Honourable Louis S.





St. Laurent, the Prime Minister, advise:

1. That Robert MacLaren Fowler, of Montreal, P. Q., Edmond Turcotte, Canadian Ambassador to Colombia, and James Stewart, of Toronto, Ontario, be appointed Commissioners under Part I of the Inquiries Act, to examine and make recommendations upon:

(a) the policies to be followed by the Canadian Broadcasting Corporation in its television broadcasting activities and the relation of such policies to the finances of the Corporation;

(b) the measures necessary to provide an adequate proportion of Canadian programmes for both public and private television broadcasting;

(c) the financial requirements of the Corporation for television broadcasting and the relation of these to the extent, nature, standards and distribution of programmes;

(d) the financial requirements of the Corporation for sound broadcasting in the light of the development of television and the growth of population in new areas of Canada;

(e) the manner in which the finances for the television and sound broadcasting operations of the Corporation should be provided and managed;

(f) the licensing and control of private television and sound broadcasting stations in the public interest; and

(g) such other related matters as the Commission consider should be included in reporting





properly upon those specified;

(2) That the Commissioners be authorized to exercise all the powers conferred upon them by Section 11 of the Inquiries Act and be assisted to the fullest extent by the Canadian Broadcasting Corporation and by government departments and agencies;

(3) That the Commissioners adopt such procedure "and methods as they may from time to time deem expedient for the proper conduct of the inquiry and sit at such times and at such places in Canada as they may decide from time to time;

(4) That the Commissioners be empowered to engage such staff and expert assistance as may be required for the proper conduct of their inquiry;

(5) That the Commissioners report to the Governor in Council;

(6) That Robert MacLaren Fowler be Chairman of the Commission; and

(7) That Paul Pelletier be Secretary of the Commission."

EXHIBIT NO. 1: Terms of Reference: P.C.1955-1796.

THE CHAIRMAN: Are you ready to start, Mr. Dunton?

MR. A. D. DUNTON (Chairman, Canadian Broadcasting Corporation): Yes, Mr. Chairman.

THE CHAIRMAN: Will you tell us who is here



with you, and perhaps at the outset you might tell us the documents you intend to file.

MR. DUNTON: I would like to present the other members of the Board of Governors of the CBC of Canada: first, Vice-Chairman of the Board of Governors, Dean Adrien Pouliot, of the Faculty of Science of Laval University, and too many other connections to present here, Quebec City.

Then going from east to west across the country: Mr. Gordon A. Winter, St. Johns, Newfoundland, of the well known firm of T. N. Winter, first Minister of Finance in the Newfoundland Government after Confederation.

A member of the Maritimes has just made it through the fog, Dr. G. D. Steel, former principal of the College of Charlottetown.

Mr. G. Gingras, Vice-President of T. M. Clare, Investment Dealers in Montreal.

Going up the St. Lawrence River further, Dr. J. A. Corry, Vice-Principal of Queen's University, and head of the Department of Political and Economic Science, of Kingston, matters with which we have some concern at times.

From Toronto, F. J. Crawford, from the well known stockbroking firm in Toronto, and former President of the Toronto Stock Exchange, and Mr. R. J. Fry of Winnipeg, Manitoba, former executive in the west of the T. Eaton Company of Canada.

Unfortunately because of two divergent situations our furthest west members could not get to





this meeting. Mr. Kenneth Montgomery, head of the Sterling Finance Company in Edmonton, and also probably well known as President of a very successful football club, the Edmonton Eskimos, and Mr. R. K. Gervin, Vice-President of the Canadian Trades and Labour Congress of Canada, of Vancouver.

At the side of me is the chief executive of the Corporation, Mr. J. A. Winter, the Corporation's General Manager. The Assistant Manager, Mr. E. L. Bushnell, is beside him, and I think you will agree we have one or two staff assistants or possible aids in answering some of the searching questions coming out at the moment. R. E. Keddy, Secretary of the Board of Governors; Mr. James Gilmore, Co-Ordinator of Television, and Assistant Controller of Administration, Mr. Marcel Carter.

There are one or two other officials who may not be present whom we could get on short notice if you will direct our attention to any details you wish to have.

THE CHAIRMAN: I want to express our appreciation for the attention you have given to this matter, and I know it will be helpful to have so many members of your Board of Governors here. I would also like to say to you as to Mr. Stewart that when the C.A.R.T.B. brief comes next how much we appreciate the careful and detailed response you both have made to my long and involved and very demanding letter of January 23rd, which, added to the mass of information which I have, you have put in in very considerable volume.





Now, what documents do you propose to file?

MR. DUNTON: As you said, Mr. Chairman, the Commission asked for a brief from the Canadian Broadcasting Corporation on the matters before it. Might I explain that the documents we turned in in response to that we have labelled "Memorandum" rather than "Brief", simply because we do not feel we are particularly good advocates of anything. We do not in fact hold a brief for any National aspect of broadcasting in Canada. I suppose if we set out to hold a brief we should try to explain how we have carried out our responsibilities, but it is rather difficult for us at the moment to be promoting a particular set of view in the form of a brief.

We have understood however that the Commission wanted our pretty full comments and explanations on the matter before it, and on how we try to carry out our responsibilities, and on the factors which we see on other questions which we see before the Commission, and we have tried to comment on that in the Memorandum on Broadcasting for 1956, which I should like to file formally with the Commission.

THE CHAIRMAN: That will be Exhibit No. 2.

EXHIBIT NO. 2: Memorandum to the Royal Commission on Broadcasting, 1956.

MR. DUNTON: Then we did write a letter late in January as you mentioned, quite a long one, when you asked for some information about the CBC, and its operations on broadcasting, and as you and the staff of the Commission are aware the Corporation



tried to meet these requests for information. Perhaps one way to put it, might be the memorandum was more or less a voluntary effort in response to a general request for a pile of documents more in an effort to meet the Commission's wishes.

Shall I read the list of these?

THE CHAIRMAN: I think it would be useful if you would read the list and have them associated by Exhibit numbers, as you propose to file them in serriatum. We will do that first, I think.

MR. DUNTON: The first is "Broadcasting in Canada -- History and Development of the National System", as requested;

EXHIBIT NO. 3: "Broadcasting in Canada -- History and Development of the National System."

MR. DUNTON: The next is the Financial Statements of the Corporation from its establishment, showing where all the money is coming from and where it has all gone.

THE CHAIRMAN: That will be Exhibit No. 4.

EXHIBIT NO. 4: Financial Statements referred to above.

MR. DUNTON: The next will be "Canadian Radio and Television Networks."

EXHIBIT NO. 5: "Canadian Radio and Television Networks."

MR. DUNTON: The next is a memorandum on the licensing of Broadcasting Stations.





EXHIBIT NO. 6: Memorandum on Licensing of Broadcasting Stations.

MR. DUNTON: Next is "Radio and Television Stations in Canada -- Ownership and Coverage."

EXHIBIT NO. 7: "Radio and Television Stations in Canada - Ownership and Coverage.

MR. DUNTON: Programming - Part 1 - Outline of Schedules. This was done for the week previous to your letter, Mr. Chairman - January 8 to 14, 1956.

EXHIBIT NO. 8: Programming - Part 1 - Outline of Schedules, January 8-14, 1956.

MR. DUNTON: Programming - Part 2 - Description of Programmes, January 8 to 14, 1956.

EXHIBIT NO. 9: Programming - Part 2 - Description of Programmes, January 8-14, 1956.

MR. DUNTON: The next is a large -- it is not actually a memorandum. It is a large series of charts entitled "Broadcasting Activities of Canadian Television Stations" for same week, which shows in rather simple form the title of all programmes on all stations for that week.

EXHIBIT NO. 10: Broadcasting Activities of Canadian Television Stations, week of January 8-14, 1956.

MR. DUNTON: The next is Radio and Television Rates.

EXHIBIT NO. 11: Radio and Television Rates.

MR. DUNTON: The next is "Organization,





Functions and Management of the Canadian Broadcasting Corporation."

EXHIBIT NO. 12: Organization, Functions and Management of the Canadian Broadcasting Corporation.

The next is "Technical Developments in Television Magnetic Recording, Ultra High Frequency and Colour - Subscription Television."

EXHIBIT NO. 13: Technical Developments in Television - Magnetic Recording, Ultra High Frequency and Colour - Subscription Television.

The next is National Program Service, a general description in narrative form of National programmes in radio and television.

EXHIBIT NO. 14: National Programme Service.

The next is a Memorandum on Broadcasting Service in Northern Canada.

EXHIBIT NO. 15: Memorandum on Broadcasting Service in Northern Canada.

MR. DUNTON: That is the list.

As I said before we do not feel perhaps quite so much an advocate before the Commission, but that is to some extent more a subject for this section.

THE CHAIRMAN: I do not want to interrupt you on that point but it does seem to me that you should not withhold any views you and your Board have on the subject. After all, you have lived with these problems of Radio and Television for a long while, and



you are charged with certain responsibilities, and I would think this would extend into the background and philosophy and approach, and we need your help and advice so far as you can give it to us.

MR. DUNTON: Thank you, sir. I was going to add these are all the formal exhibits but the Chairman is already aware that in the process of the Commission's work we have heard requests for answers to questions from the investigating teams of the Secretary, and have provided answers or material in connection with those requests as they were asked for.

Mr. Chairman, you have asked for the views of the Corporation on the issues before the Commission. We have tried to do it in brief but on behalf of the Corporation I would like to amplify as you invite us to do -- to amplify our inspection of the issues further.

I think if Lord Chesterfield were alive, Lord Chesterfield of the letters, you might take his words and twist them around, he might say, "Tell me what it is to broadcast and I will tell you what sort of a nation it is." I think there would be a lot of truth in that statement, a statement that the broadcasting which goes on in a country would tell a great deal about the people who live in that country; what they are like as a nation, perhaps; what direction they are going in the future.

First broadcasting has become such an important means of communication that it presumably





reflects to a considerable extent the interests of the people of that country. Perhaps it indicates the different kinds of interests they have and perhaps also to some extent their potentialities for meeting their own interests or their desire or their inclination to lean on others. But even if by chance broadcasting for some reason does not seem to reflect particularly accurately the interests of the people in a certain time, what it is is probably a certain indication of where that nation is going because even if it does not reflect the interests it is an important means of communication to the minds of the people in the country that what broadcasting is circulating in those minds will probably have an influence on what that nation or country is going to be in the future.

Perhaps broadcasting is a particularly useful indication of a country because any nation has to deliberately make up its mind what it is going to do about broadcasting. It is not like, as in some other things, say, the development of the printing press or any other form of activity. They can and have in many ways developed according to the ebb and flow of business or interests or impulses of various people, but a broadcasting country has too many decisions. It has to make decisions of course because broadcasting only exists because there are air channels which in turn are things in useable form only because the state takes action to see that its abilities to transmit, to vibrate transmitters on certain routes, are maintained and maintained to be useable over





certain given areas, often by international agreement. In any case, air channels in effect become a limited resource, maintained by public action, and can only, therefore, belong to the public, and the people of the country have inevitably to decide what they are going to do about those air channels that belong to them.

Various countries have decided in different ways which we need not go over completely here, but Canada like other countries had to make decisions, too.

I would like just to review very briefly with you the National decisions that Canada has made about the use of its air channels and "why" is very important, why the various whys proved just as important as what has actually happened. Naturally, the decisions that Canada has made have come out of the nature of Canada itself.

I will not bore you, Mr. Chairman, but I would ask you to consider with me for just a moment this country of Canada, the broadcasting we are thinking about now. Just about ninety years ago, or a little over, the people of English and French speaking people of a few scattered colonies in North America decided to form a Confederation to start a nation. They and the people of some other colonies and territories in British North America made a decision to try and build up a nation on a slice of the North American Continent and by historic accident did not become part of the United States of America.

We do not do it often in this country.



Perhaps an outside observer might do it, and it has been done, might look at this territory which is called Canada and say, "There is no real reason, geographically or historically, for that country to exist." Most of the natural factors work against its existence, the natural channels of communication of this continent mostly run north and south rather than east and west. The people -- a great many of the people in Canada share a good deal of common ancestry and common interest with the people to the south. It is a territory of great expanse and great distance in an awkward east and west direction. Why trouble to have a country that runs east and west instead of the natural way of north and south? Why won't this country become part of a much larger North American mass, and share even more than it does now in the general development of one United States of North America?

Well, for some reasons in history the people who live in these colonies or territories who form the Confederation of those which have been added to it have apparently determined that in spite of all these natural handicaps and obstacles that there is going to be a nation in this top slice of the North American Continent. To do that they have had to take a lot of practical steps.

I think sometimes other countries have their revolutions and their great emotions in history, their past arising out of battles won or lost, or revolutions won, and in Canada I do not think we have much good oratory about why Canada was formed or why it





exists. We are not very good in expressing emotion about why we exist. I think the best description comes out of the practical steps the Canadian people have taken as a people to see that the country does exist as a National entity.

There were certainly practical steps taken in the British North America Act. It was a very practical step to throw the C.P.R. across this country which made Confederation possible, a measure taken not only by private enterprise but with a great deal of public action and decision, so through the years there have been decisions on national communication of various kinds throughout the continent, and decisions, which while it might cost the Canadians more there would be tariff arrangements which would provide opportunities for various industries to develop in this country, because some of these, while it would be important to our national life, many Canadians have taken and are still discussing at this very moment other measures which seem, while they run contrary to the usual dictates of geography and economics, seem essential for the development of Canada as a national entity.

After the Great War, radio broadcasting dropped on the world and Canada had, as other countries had, to make a decision about what it was going to do about radio broadcasting. I think in a typical Canadian way it did not rush into any decisions. Radio started in this country first in a fairly haphazard way through the confidence of individuals



and companies who saw possibilities in this thing and asked to be licensed to operate stations on different bases, hoping to get some returns, and in those days not getting very rich commercial returns, and to them the country owes a big debt, to those people who did something to get it going in the twenties when the returns were not sure or enormous, but there was no particular plan. A number of stations were licensed around the country and then, to put it very generally and briefly, the country began to say, "We need to consider this thing more carefully, radio broadcasting is becoming extremely important."

What is its relationship to the development of our nation or what should it be? The result in concrete terms was the appointment of the Aird Commission at the end of the 1920's to consider the whole matter, and I think it is extremely important to notice what they found, not because it was a Royal Commission, which is always very important in itself . . .

(Page 30 follows)





THE CHAIRMAN: Sometimes not.

MR. DUNTON: But because of the essential factors which they have discovered which are still effective and which affect every aspect of broadcasting every day still in Canada. They found that there was, first, a natural tendency for broadcasting on that kind of basis to consist very largely of imported programme material coming in from outside the country, largely coming in from the United States. It is very clear why that happened. Producing a programme of any kind costs money, especially when it is the more elaborate type of thing which is done in the United States, it costs money in the United States but the cost is spread over a big market, therefore, the use of it, whatever type it happens to be, records and transcriptions, are coming in by network and the use of it can be had in Canada very cheaply. The way business worked in those days and still does today, the way commercial revenue is affected, there is a natural tendency to do things the cheap way, the profitable way, the natural way, to bring material in from outside the country and that did become a very large proportion of the broadcasting going out to the Canadian people, not that in those days or in more recent years on a commercial basis that would be the material to make up the entire content of broadcasting because as there will, naturally, be some broadcasts of local interest, sometimes of a regional nature. The natural, economic tendency in Canada, which I think we have to recognize still



in these days, and it is something which is not realized by a great many people who discuss broadcasting, is that on a commercial basis the general pressure is that for programme material to come into the country, to go on Canadian transmitters, is not to produce Canadian programme material or to develop a means of distributing programmes across this country.

The Aird Commission saw these facts, made its recommendations to meet this situation, and for broadcasting the sort of national interests of Canada is to set up some sort of public organization, since we have a source of funds other than advertising, and which will be able to meet the national interest. We will continue to bring in good programmes and they will be transmitted east and west by a series of transmitters. That in the country there should be one nationally owned system operating with revenues and licensed through parliament, even in those days, with some revenue for commercial activity, but entirely a publicly-owned service. That was in 1929. Now, it was not long before the Canadian aptitude for compromise and probably good sense began to show itself, particularly since the depression started soon after that report, in the early thirties. That is rather significant, that radio, one of the big national developments which started in this country, right in the tough days of the depression were coming on, Canada started the Canadian Broadcasting System when the depression was heading for its worst. The outcome of the successful





compromise was to go ahead with the national system with certain facilities, certain arrangements for programming services to leave at least some of the private stations to use air channels, but to give the national service the right to use its stations.

First you have the setting up of the Canadian Radio Broadcasting Commission working on that basis, then, I think, perhaps the reforming or reshaping of still the same system into the Canadian Broadcasting Corporation in corporate form in 1936, but in that way they developed the arrangement of a public system that goes to the public from the public by some form of arrangement made by Parliament, also for the support of public activities, and still carrying out a large part of its function through privately-owned stations licensed under the principle that they would be the co-ordinated parts of a full national system and would serve the needs of the national system and that broadcasting in the country would be co-ordinated in the general interests of the whole nation.

I do not think there is any point in reviewing the growth of the radio broadcasting system in Canada, it was reviewed very thoroughly by the last royal commission which dealt with broadcasting, the Massey Commission.

I think it could be said that Canada with the combined system that developed had a rich area of broadcasting, richer than Canadians realize. For instance, most of the people through this whole territory had available to them the best programmes



of the United States, they had available to them Canadian programming of various kinds, good enough to make their mark in many fields. In addition, they had a good deal of community service, that is, programming arranged with private stations. So, with their own local service it was rich in the French-speaking side and the English-speaking side. As usual, Canadians had plenty to criticize about it, but if you take a good look at it, the country was pretty well served with radio broadcast, as a matter of fact, it was found at the last Royal Commission.

There was still a lot to do in sound broadcasting, the system would have been improved, greater service could have been much more widely developed but, in the meantime, the scientists had not been idle, and as we know television broadcasting service had started in England before the first war, in the late thirties; there had been a bit of television broadcasting just after that, at the first part of the war in the United States, and then all during the war throughout the world it stopped pretty well. After the war radio seemed to be in its heyday, and in 1946 and 1947 it was important in Canada, in the United States, in Great Britain, throughout the world radio broadcasting became an extremely important means of communication. But, as I say, the technicians had developed an entirely new form of broadcasting, and television was loose on the world. Again, Canada had to make a national decision, as other countries, they had to decide what they were going to do about





television broadcasting. The same factors faced the country then as had faced the country on sound broadcasting, but in this case it was more emphatic, more definite, because television adds to the impact of broadcasting, to what it can convey. On the economic side it appeared to be more expensive, therefore, any tendencies from the economic side are underlined and strengthened greatly. Let us just see, very briefly, the considerations which faced the country again in television. I am not referring to any document or any political policy decision, but just what Canada, in fact, faced. Canada could have had a good deal of television broadcasts, it could have had television service in a good many areas quite as good as now, very quickly and very easily. The easy way would be to license stations to go ahead and do television broadcasts and that could have happened very easily and very quickly, these stations could have operated especially in English-speaking Canada, and they could have operated by bringing in most of their programming from the United States, not developing much of a Canadian culture apart from some local broadcasts, but television could have gone ahead in Canada on that basis. It could not have done much in the way of Canadian broadcasting because there are not the revenues available without the commercial background to support their Canadian production or to support the complicated distribution system necessary to get programming all across the country. I wonder if I could emphasize this just a little more to explain



not just the way things look now but the way things still are. I am not referring to private stations or to the CBC; I am referring to the economic facts of broadcasting, and whoever is dealing with the CBC or private stations and look at the way business affects the workings in television.

Now, an ordinary run-of-the-mill programme on an American network may cost \$30,000, that is not a big one, that is pretty ordinary one and the use of that may be had in Canada for perhaps \$2,000 right across --

THE CHAIRMAN: For a network use?

MR. DUNTON: Yes, whatever basis, it has the right to use it all across Canada. It may be even less than that, if it is a programme which is supported in the United States by a company which has a daughter company in Canada, it may be available to the daughter company completely free. That is a pretty easy way to get programming, to bring it in on a commercial basis. To produce a programme in Canada, even on a good deal more modest scale than the American programme, it could easily cost \$10,000, and it will still not have the stars from New York or Hollywood, it would be a more moderate production, but it would still cost \$10,000. Right there you are faced with a differential handicap, an advertising agency, private station, will just say that it is more advantageous to use a programme which is free from the United States, either free or available for a very small sum of money than to pay the cost of the





Canadian production which will run, say, at least five times as much. Another way to look at it is that in the wider field, we all know that in Canada the number of industries must face fairly high costs because of the smaller Canadian network and the high distribution costs, therefore, they might only produce four units, so the cost of units tend to be higher or the cost to distribute them or the marketing tends to be higher. There is one reason the number of industries have been given tariff protection. You may find, for instance, similar products may come in from another country and cost probably ten per cent or twenty per cent less than they can be produced in Canada. Therefore, the industry in Canada finds it must cut its costs or it cannot be in competition with the imported unit. However, in television broadcasting we are dealing with units which go out to individuals and the cost has to be spread across the public some way and has to be recovered one way or another from the public as a whole. Well, the public in Canada is small, it is small in total and it is smaller still because it is divided into two, the English and French-speaking population. We have in this country about eleven million English-speaking people, that is the number of people who support the programme production in this country, and in the States they have one hundred and sixty million; therefore, these people, however they pay for it, can easily support their lavish efforts in programme production.

THE CHAIRMAN: What about possible export?



MR. DUNTON: I think the usual case would be that the cost is fully recovered in the American market and that any revenue coming to it from users outside of the United States is in the nature of a bonus or bonus use.

COMMISSIONER STEWART: Would you say the introduction of these programmes into Canada is a form of dumping?

MR. DUNTON: Mr. Commissioner, I think you are taking some of the words from my mouth, but I would say I would not use the word "dumping" in relation to American programmes because Canadians are very glad to get some of these programmes. I am not criticizing them coming in, I am trying to show the economic factors that work. If we are speaking of dumping we generally mean something being dumped because it is being offered for sale here for, say, ten per cent less than it was supposed to cost in its home country. On a television programme you may have a programme costing \$100,000 in the United States and perhaps it is available for nothing to a subsidiary company in Canada or available for use throughout Canada for \$1,000, \$2,000 or \$4,000, and that is a fair figure differential to Canadian productions. It is an entirely different order of things.

The factor of competition does not apply quite to the same extent in French-speaking Canada because of, you might say, the language tariff, but it applies in some cases. There are a great many French-speaking Canadians who are very glad to look





at an attractive show from Hollywood or New York, but there is a certain natural protection for programme production in French-speaking Canada and it is interesting that there was, in sound broadcasting, there has always been more programme production in French-speaking Canada than English-speaking Canada because of the slightly lower pressure of importations.

THE CHAIRMAN: You are talking about commercially sponsored?

MR. DUNTON: Yes, any programming, whether CBC or private, it has a commercial --

THE CHAIRMAN: And you say there is a higher volume of demand for the original in French Canada, in the French system, than in the English system?

MR. DUNTON: I would not say so in the terms of demand, more in the terms of possibilities and the lower competition. On the Canadian stations there is a whole block of programmes available in one form or another in the English-speaking parts and there certainly is not as much available to the French-speaking stations, nothing like it; therefore, the broadcasts in French-speaking Canada are tending to use more local talent and local effort. However, in television the figures get so large that even though there is not too much competition in French-speaking Canada it is very doubtful how much production the market on a commercial basis will support, simply because the market itself, the number of people served by the system, is rather small. I would like to emphasize again that in this I am not referring



particularly to private stations, I am referring to any broadcast, and economics are based on commercial revenue and commercial operations. The fact that the way the economic factors work is that there may be some, for one reason or another, some local support of Canadian efforts as a matter of policy, but the general pressure of commercial factors is for the importation of programming into Canada, and generally against the production programmes here and the distribution of services from St. Johns, Newfoundland, to Vancouver. I am just showing that it was these factors which faced the country when it had to consider television.

I think it comes around to the fact that if the country wants any programming of its own to any substantial amount then it has to find other ways by which the public can pay for it, the programming, other than advertising because advertising alone cannot and will not; therefore, some other means for the public to contribute or pay in some way for the service has to be found.

In one way one can regard the National Broadcasting system to some extent a mechanism by which the public contributes in some way to its broadcasting, and since it has come in some other forms it is possible for a system to run counter to the usual pressures of economy and to deliberately produce Canadian programmes, deliberately distribute service right across the country. This time the national decisions came a little fast because in television everything happens more quickly than it





did in sound broadcasting. Just to sum up quickly the form they took, first, the decision by Parliament on the proposal of the Government in 1949 that the national system should go ahead in an interim way by starting production centres originally in Montreal and Toronto. Then, the matter was considered further by the Massey Commission, which considered the general idea of development of television, as in sound broadcasting, of a national system based, as had been the case in sound broadcasting, on essentially public facilities and privately-owned stations carried in the overall national system and carrying national programme services.

After the report of the Massey Commission in 1952, a far wider policy developed. That was, that with the developing from the original production centres, Canada should move into a nationwide television system; specifically, the CBC was authorized to set up production centres with associated stations at six different points in the country, Montreal, Toronto, Halifax, Ottawa, Winnipeg and Vancouver.

THE CHAIRMAN: Mr. Dunton, you said "authorized" -- was authorized by whom?

MR. DUNTON: By the Government, which is the licensing authority in Canada. I want to say that the decision was approved by Parliament as a whole, since, at the same time, or shortly afterwards, the Government authorized a loan for the construction of its facilities. At the same time the licensing policy was announced, a policy of saying



that the Government was to receive applications for private stations in Canada, one station to an area, all those stations to carry national services, direct programming of the television service, transmitting in some areas, getting programme services to the people in a great many areas through private stations under the national system.

The national decision and policies were final in late 1952, and I would like to consider for a minute or two just what has happened since 1952. As of four years ago there was no Canadian television; there were some one hundred thousand odd sets in Canada owned by people who were looking at American television. Only a handful of people knew anything about television, most of them in the CBC, the first class of people being trained for television was already at work, but Canadian television did not exist. That is not very long ago, only four years. From that time, since it started in 1952, Canada has acquired a national television system. Over half the households in the country, half the families, have television sets, and from all indications they spend a great deal of time looking at it. Around eighty per cent of the whole population have television service available to them, and of that eighty per cent probably sixty per cent have television sets, and are, as I say, using them a good deal from what we can make out.

THE CHAIRMAN: Is that sixty per cent of the eighty?





MR. DUNTON: Yes, a bit over sixty per cent of the eighty. Thirty-three television stations, all carrying national programme services, either the English-speaking service or the French-speaking service, are in operation. It is a service far greater than any other service outside of the United States. The system is not fully linked yet by direct connection but it stretches a good deal further around the circumference of the world than any other system. Television has, in these short three and a half years -- it is an obvious truism -- become an extremely important part of the lives of most Canadians, and, therefore, of the national life.

I think at this point I would like to shift from what might seem to be something of an historical summary and move, if you will bear with me, to looking at the system as it exists at this moment.

THE CHAIRMAN: Mr. Dunton, I was going to propose at some stage, after having been talking for nearly an hour, you might like to have a break.

MR. DUNTON: This would be a very good time as far as I am concerned.

THE CHAIRMAN: Very well, we will adjourn now for ten minutes.

---Intermission.

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THE CHAIRMAN: Mr. Dunton, will you continue?

MR. DUNTON: Mr. Chairman, I am just going to try and do a brief analysis, or try to get a picture of the whole system as it is now.

First, you have the Canadian Broadcasting Corporation, responsible for carrying on national broadcasting services in Canada. It is a peculiar kind of body, I do not think there is another quite like it. It is not responsible to Cabinet or Minister for its general carrying on of activities. The set-up has been for two reasons: First, since broadcasting deals with information and opinions, and so on, it was felt it should be free from any control by executive government, the executive government have the vote of the people, who have, of course, special opinions. Secondly, as we explained it, an early parliamentary committee said the corporation should be a body with a great deal of the flexibility of private enterprise itself. It is in that part of broadcasting where quick decisions are necessary, where main factors have to be waived, and thought on, and dealt with; this could not be done the way the usual government department works.

The corporation is in a very particular position of having a very direct responsibility to the parliament itself, parliament as a whole. The government of the day has certain powers to appoint the governors. The governors cannot be removed except for cause, which I think in Canadian law has to be drastic cause. The government has confided other large commitments to the corporation, the largest of which, of course, is the licensing power. Which means you go to parliament for general financing regarding the general





scope of the work. But, in carrying on all its general activities the corporation has to be directly answerable itself.

It is not the usual commercial type of corporation because it is dealing with monies that come from the public, monies, which under arrangement are made by parliament. We have that money which the public voted for one thing and another.

THE CHAIRMAN: You would call that non-commercial funds, as you have non-commercial revenue as well.

MR. DUNTON: Yes.

In all its decisions and its workings the only standard the corporation can offer is that of public interest. It must make all its decisions and organize itself, so that to the very best of its ability it is serving public interest well and to the greatest extent it can; if public interest can be perfectly as well as clearly defined. It is perfectly natural, as we know, any one program has supporters, and it means anything done in broadcasting by any broadcaster has to be in the public interest, or sort out what is against public interest, or what other people do.

It is the job of the corporation to sort out all the various claims on public interest and to find the overall way to meet the public interest, the national interest, in the best way it can. That is the way that the board works, the way the whole corporation as a whole tries to operate. These objectives are set in law in a very simple premise. There is one phrase in the Canadian Broadcasting Act:



"The corporation shall carry on national broadcasting services in Canada."

That is about all the law says. As we understand it, that implies a good deal, it implies service to every possible Canadian that can be reached. It is not just service to some localities, or others, services when and if they are equitable and adviseable, it is applicable to all Canadians in all parts of Canada. It appertains to the condition in both languages of the country, both English and French. It implies, to provide a programming in the public interest, but, also, spreading across the country of suitable programming from outside the country.

But, another broad project derived in there, apart from the nature of broadcasting, it is trying to serve the public. The public is made up of many different individuals, and these individuals have different tastes and wants in broadcasting. The wants often overlap. But as we understand it, appropriate broadcasting services shall be the answer. Broadcasting services should try to serve the many different tastes that exist among the public. As we understand, it is not necessarily our job to see that just the highbrow things are circulated, or just entertainment, or just popular things, or just the things the larger groups may want. I would suggest it is our job to see, on the whole, there is a comprehensive service containing in reasonable proportion a number of elements that broadcasting can communicate so well. In Canada, naturally, there is plenty of entertainment and fun,





interesting and relaxing, that also communicates information and opinions. The more serious things in life has its spiritual aspects, deals with things of beauty as well as information and fund, and at times provides for a good free, fair clash of opinion. It tries to give to Canadians an opportunity of knowing what Canadians in other parts of Canada are doing.

All these things we find, tend to be limited by the nature of the material, the revenue, the number of listeners and the sales that must follow in the imagined field.

And, of course, this objective includes the national service, to create, to see somewhere the natural resources of Canada are drawn upon for broadcasting to Canadians and to people of other countries.

The size of the job is, perhaps, a little bigger than many Canadians realize. I am not particularly saying th C.B.C. as an overwhelming load of work to do. But what I think, when Canada develops, it could have a national problem as in sound broadcasting, and that is in television broadcasting. It too a big job on itself and the country in television. It means that Canada as decided, first, as I said, to do the expensive thing of producing at least a specific kind of programming for itself. Secondly, it is going to get that programming to individuals all across the country, from Newfoundland to Vancouver Island. That is the enormous job in television, a bigger job than any country we have information on. The nearest to that, we hear the Russians are trying to keep up with Canada.



To illustrate the magnitude of the fact we mention in our memorandum, that one transmission from New York to London could cover the whole of Canada. Canada as 28 transmitters; they don't cover the whole population, but the country has to bear the cost of all these stations and the expensive communications between them. Not only that, we have to have two systems, one in French as well as one in English, which in a great many respects doubles to expense. Apparently it has been a national decision whether the country is to have this national service and all that it involves.

The corporation has the job to try to carry it out under the means provided to it, and the powers provided to it in respect to other licenses stations in the country. It operates first with the monies given in one way and another from the public as provided by parliament. People sometimes say to us, Mr. Chairman, "You people must have an easy time, you get public money, you don't worry about making payrolls, and making a profit." There are many business-like people on the board. It is easier to operate a straight business. It is, where profit is what counts. That is an easier standard to go by than the public interest standard we have to manage by. But, since we have to refer to this using of money from the public, we have to constantly be weighing this ilusive norm of public interest, and trying to see that the funds that come to us are used to the best possible general advantage in handling the service.

Then, Mr. Chairman, in addition to that I think it is a situation peculiar to the corporation, we have attempted to carry on commercial activities and to get





revenue and programming support through commercial activities. It is more than a right, it is a necessity, because so far the public has not decided by any means to pay enough money, that would be in itself, enough to operate a national service. It has always been necessary to have support from commercial revenue and programming coming through commercial sources. And the commercial activities, of course, introduce a whole additional set of considerations into the work of the corporation. I think it is complicated enough, plenty complicated enough, for any broadcasting organization that is using funds directed by some channel from the public. It is complicated, I think you will agree, running a situation based entirely on a commercial foundation. The corporation has to bind the two.

The general project, as we understand it, should be, under the Act, first to have public interest, and to try to have this commercial activity supplement the carrying through of this national service. In other words, as we understand the objective to mean to mean to us, is not the making of a profit by commercial activity.

I would like to say this, Mr. Chairman, if parliament turned around and said, "You get no more money, you live on commercial revenue." The corporation knows how to do it. There is a great knowledge in the corporation about commercial broadcasting. If it were told to live on its commercial income and nothing else, we could make a profit. It would be a profitable system in Canada. There would be not much Canadian programming. There would not be a national system across Canada. We could operate on a profit, but Canada would not have a national system. Therefore, in our commercial activities, and in our



approach to commercial policies we try to so arrange it that commercial support, commercial money or programs, in a commercial way serve the general purpose of the corporation.

We try to see that advertisers get a fair deal for what they pay for. We cannot go to the extent, and don't feel we should, of giving advertisers that they may like, but which we feel would not contribute to the national purpose which we are supposed to carry out.

THE CHAIRMAN: Are you referring there to the kind of programs?

MR. DUNTON: Might be anything, the kind of programs. Whether they wish their programs carried on the national service. The kind of program, not necessarily the particular program we might say we get revenue from, but we don't think it has a place in the good balance of the national service. Perhaps, the program is all right in itself, whether we think the service has enough of that kind of program and keeping us from having another kind of program we think should be on the air.

In such things as commercial rates, and that sort of thing, the general policy of the corporation is very clear, we charge what the traffic will bear. It is not a wise way, but I think a business like way. In doing it we try to be fair to those who keep paying money, but also to see what the traffic will bear. Also, another question on our side, what the public interest in the service will bear.





Then, I think we are the only national broadcasting system in the world that has a third set of considerations. They arise from the whole structure of broadcasting in Canada. That is, that we have to do our job, in a large part, through privately owned stations licensed to use the air channels in Canada. As you can imagine, that brings up another whole set of considerations in the working of the system. We have under the law certain responsibilities and powers with respect to private stations and the use of them for national service, and the principle seems to be firmly established that if they are licensed, then they assume an obligation, if necessary, co-ordinated by the national system, and to be used for transmitting its programs at times. In practice we do, to a large extent, try to work with the private stations very much as an American network would with its affiliates. There are some differences because in the ~~Amer~~ican network both the network and the station are thinking in commercial terms. We cannot think just in commercial terms. We have to think of getting the best possible service to all Canadians. There has to be that background in our responsibilities, and authority to carry it out. To a large extent we have to try and work as associates in one system. I think some people who think there is a ~~great~~ fight between private stations and the CBC would be enlightened if they could sit in on some of the meetings between the CBC and the private stations trying to work out common problems of the running of a big network in this country. We try to see the problems of the private stations and to meet them as far as we can still with the Corporation carrying out and meeting its main responsibilities. I would like to say that we feel



the private stations in television have gone a very long way too in understanding the responsibilities of the Corporation in getting the service out to people and are going a long way with us in having an effective service right across the country. Some people seem to think there is a great battle between the CBC and private stations. I think you indicated in your opening remarks, Mr. Chairman, that perhaps the CBC and private stations consider themselves as rivals or two sides of a controversy. I may say that is not our position. We don't feel we have a fight with any private station in this country at all. The Corporation has recommended the continuation of every private station in this country and we have felt that under the framework set up by Parliament there should be between the two sensible co-operation, which is our responsibility, and we have tried to see that there is that co-operation.

THE CHAIRMAN: I would certainly say there was a good deal to indicate there was an area for dispute somewhere, or somebody must have been misleading us over the past few months.

MR. DUNTON: Well, it is possible, but we would hope that as the work of the Commission progresses it will perhaps share our view a little more, and that the main issues of Canadian broadcasting are not trouble between the CBC and the private stations, but they are issues for the country as a whole, and in meeting these problems, there is a good and sensible place for both the private stations and the CBC. There may be some things on which you have heard certain views that some private stations -- not all private stations -- which





appear different from the system as it is now, the legislation in Canada. This Corporation cannot be the antagonist of any national policies in Canada because our arms are public and probably both of them, but at least one of them, are tied behind our back. We don't think the essence of the issues is a fight. All we can do is point out as far as we can the realities involved and the kind of questions the Commission has before it. Perhaps the way you see them will be different from the way other people see them., but we will do our best to point out the essential facts and implications.

THE CHAIRMAN: I think it is the basic national issues we are all concerned with here, and I was really making a plea for co-operative work on those issues by all interested parties, and I take it that is what you say you are willing to do from the CBC.

MR. DUNTON: That, very briefly, Mr. Chairman, is the sort of structure of the system and its objectives and the size of the job and the complicated set of means it has to carry out that purpose. The variety of means affects very much the way the Corporation has to make its decisions.

I would ask you to look with me, if it is possible, at a picture of how the system is working in Canada at the moment. First, you have the CBC with its responsibilities for the moment producing two national broadcasting service in English and in French. I say, "producing" but, of course, more is involved than the production of programmes. The Corporation has to somehow agree as to national service



and, therefore, all the complicated services of producing programmes and also accepting or acquiring or having them come to them in some other way, particularly imported programmes. Naturally a large part of the Corporation's work is trying to make that service the best it can; what type of programme should come into the service, what proportion of what types, how the project can best be carried out, relating the decision as against all programmes, the possibilities and use of facilities, costs, relating the factors of the possible commercial income to those decisions, and all that is involved in creating two programme services with the commercial as well as the public interest side to it. As I have explained, a number of considerations enter into the commercial policy, going back to the basic economic factors that there are in Canada.

With respect to national service we make a profit in spite of impressions that may exist otherwise. As a system we make a profit on all imported programmes. There may be one or two exceptions, but generally we make a profit on imported programmes. The profit is greatest on programmes that do not come from other networks. The ones that come directly from other networks, American networks, that network takes a sizeable piece of the amount the advertisers pay us for the station and network time in Canada. The most profitable of all forms of commercial activity are spot announcements on an individual station basis, and the non-network imported programmes which come in film form of some sort and which can be readily available to





stations and in some cases to the networks here. The difficult part of commercial activity is in relation to particularly Canadian produced programmes. The approach of the Corporation to that, in view of the economic situation, is that it should produce programmes of a kind and nature which it thinks should go into a balanced national system, and to try to draw the greatest possible amount of commercial support to those programmes apart from certain ones where it is thought they should not have commercial connections. As I have explained, it is the production of Canadian programmes that is particularly expensive. On a commercial basis the Canadian market simply does not support a large production, and the result is that the Corporation in general, when it allows an advertiser to associate himself with a Canadian production, cannot get from that advertiser, in addition to the network payment he pays, a sum of money equal to the total amount of producing that programme. If the Corporation said no advertiser shall be allowed to put his name on a Canadian produced programme unless he pays an amount equal to the full cost of the programme, there would be no sponsor of Canadian programmes for practical purpose ---or very few---in the country.

Our approach to the matter of commercial activities in connection with Canadian produced programmes is to try to get as much money as we can from advertisers. And we come to realize that we cannot follow the practices which to some extent commercial networks in the States, where they in practice get back from the advertiser an amount



equal to the particular cost of the particular programme.

THE CHAIRMAN: This may be a foolish question, but I suppose there is no way of comparing rates on the different systems?

MR. DUNTON: Yes, I think you can compare rates for network and station time very well.

THE CHAIRMAN: No, I mean the over-all charge to the advertiser.

MR. DUNTON: It is quite possible to compare what an advertiser would have to pay in total in network time plus payments in connection with programme production in the United States and Canada, and if a comparison is made you would find that what an advertiser would have to pay per thousand viewers in Canada is very high -- much higher than in the United States.

THE CHAIRMAN: I don't want to get into detail now. I was curious as to how you know that you cannot charge any more for commercial programmes.

MR. DUNTON: I think we know because we tried very hard. Look at the situation where an important advertiser wants to go into television and does not just want spot announcements, but wants his name associated with a pretty good programme; there is a very good chance that his parent in the United States has a big show available and will let the subsidiary have it here. There is no extra cost involved. There may be bookkeeping entries between the companies, but that is all. Then that advertiser has to face only the cost of network time across the





country, which has already risen to a big amount in terms of the number of people he can reach. Then he says, "For matters of policy I would be interested in having my name associated with the Canadian branch." Well, the cost of Canadian studio productions of any really creative type, particularly in entertainment things, may run to eight, ten or fifteen thousand dollars. Now, he thinks twice -- in fact, most of them say, "We simply can't, on top of \$5,000 for the network, pay \$15,000 for the production when we can bring in something from the United States which is highly attractive and do our advertising job very well, and will cost us practically nothing."

THE CHAIRMAN: That is true in the comparison between the individual advertiser's position -- whether he takes the American programme or the Canadian produced programme. What is the comparison between the Canadian advertiser with a Canadian produced programme and the American advertiser with an American produced programme?

MR. DUNTON: Well, there is no real difference. Anybody who is advertising in Canada wants to sell goods in Canada, and as an independent subsidiary. So, it does not matter whether the goods are produced in Canada or they have a parent company. Let us say there is an independent who has no American connections; he still has an enormous amount of American material available to him, chiefly in film form.

THE CHAIRMAN: What I was really thinking of



was your figures, quoted awhile ago, where you were talking about the cost of a modest American production being \$30,000, and the reasonably similar, less elaborate but adequate programme in Canada being \$10,000, you have got that area between the \$10,000 and the \$30,000; is it the greater volume of the American market, the cost of reaching so many television sets per unit, or something of that sort, that makes the difference?

MR. DUNTON: Yes, because in the case of the American show, say \$30,000 can easily be recovered through use in the American market for a much larger number of people. Therefore, permission to use that programme in Canada is given, and usually is for a small amount of money because the cost is covered. The essential figures apply to the advertiser wanting to advertise in Canada whether he happens to be Canadian or American. He can either use imported material or associate himself with a Canadian production, but paying the full cost of Canadian production will be away more than what it would be for what he could acquire the right to use, namely, a pretty attractive American programme.

THE CHAIRMAN: Well, we will come back to that.

MR. DUNTON: From the way the system operates, say in the current week, you can sum it up pretty clearly. The total amount of television programming put out in Canada now, taking both the English and French side -- there is the CBC national service going out on its own transmitters and





on all the private stations. In very rough terms, on the private stations that average will grow and constitutes about 55% of the programming they are carrying, and about another 30% of their programming would be syndicated imported material, and about 15% local material. The same way on CBC stations; there will be an actually lower percentage on local material, and also there would be a considerable amount of imported syndicated material.

THE CHAIRMAN: May I get those figures again? The private break-down was 55% time taken up by the national service?

MR. DUNTON: Yes.

THE CHAIRMAN: 30% was what?

MR. DUNTON: Imported syndicated film-type of programme.

THE CHAIRMAN: That is, imported by the private stations themselves?

MR. DUNTON: By them or by agencies.

THE CHAIRMAN: Not through the CBC?

MR. DUNTON: Not through the CBC.

THE CHAIRMAN: And the balance is local?

MR. DUNTON: Yes.

THE CHAIRMAN: Would you mind giving me the similar breakdown for the CBC?

MR. DUNTON: I have not got it exactly. The local amount would be lower for CBC stations; syndicated film probably not quite as high. I will get those for you. In the English service of the national service somewhere abt over 50% is Canadian



produced, and on the French side over 80% is Canadian produced.

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Taken on an individual station basis, either CBC or private stations, less than half will be Canadian production because of this extra high proportion of imported material coming in, not on network basis but on a syndicated film basis.

MR. TURCOTTE: The private stations are affiliated with the CBC and not entirely detached?

MR. DUNTON: In television.

MR. TURCOTTE: You are talking about television only?

MR. DUNTON: They are all syndicated, and in sound many are not; the majority are, but many are not.

MR. TURCOTTE: You are referring to television?

MR. DUNTON: Yes. Mr. Chairman, in a general way I have been able to give you something of the picture of the flow of service and the relationship within the broadcasting system in Canada; I hope I have, with the information in the brief, and the probably rather rambling outline I have given you this morning. I think it is awfully important to see the picture of what is going on in Canada at any given time, and some of the economic factors to be considered.

I think one thing may interest you, and about which there is often a good deal of confusion, and that is the financial arrangements between the CBC and the private stations. I think there is often some misunderstanding because of the comments made to us. People say, "How much do the private stations pay you for the programmes which you



provide?" They do not pay us anything, and it would be hardly justifiable for them to do so, because the Corporation has its job of getting the national service to the public, and the private stations are providing a means of transmitting it. It would appear to us pretty unreasonable for them, when assisting in the national function, to have to pay for the service they are giving, but others may consider that differently.

On the other hand, people sometimes say, "How much do you pay the private stations for carrying your programmes?" The Corporation in itself, in general, does not usually pay cash to private stations, but in effect they are getting monetary compensation through the programmes which are carried, and they are getting a very considerable proportion of the charges, the commercial charges, and a large proportion of that goes to the private stations. The situation is one in which the Corporation is producing, with funds from the public and the commercial support it has, a large and complicated national service going out on private stations as well as on the CBC transmitters. The service which goes to the stations costs a great deal of money and the sources are supplemented by commercial activities. It costs money to get the service to any individual station, and while cash is not paid to private stations, a service is going to them which is costing a great deal of money, and I think is a great deal of assistance, at least, to the operation of some





private television stations at the present time.

Looking at it from one point of view, it can be said they get all this free and in addition certain revenues with it not paid directly by the Corporation --

THE CHAIRMAN: From the other point of view, the CBC has expenditures in order to give this service to the private stations, and you would say this is part of your job and that is what you are in existence for, to have a national coverage. So, from your point of view it is the cost; from the private station's point of view it is a direct benefit. They are getting programmes which they did not, in fact, pay for?

MR. DUNTON: Yes. We do not provide the service to them or pay for the extra connection or communication charges out of a desire to help or subsidize any private enterprise. It is a means which they provide through their co-operation by which we in a rather cheap way get service to the public.

THE CHAIRMAN: Well, that is what you consider to be the most efficient way of getting your job done and service to that area?

MR. DUNTON: Whether it is the most efficient, it is the only way under the present structure.

THE CHAIRMAN: From the private station point of view it is -- you used the word "subsidy." It is, in fact, a subsidy.

MR. STEWART: It is not necessarily, because a private station may have been able to sell that time. It is not necessarily a subsidy.



MR. DUNTON: We would say it is a service costing a lot of money going out to a private station, and that is undoubtedly a great benefit.

THE CHAIRMAN: Have you any rough estimate of what it costs the CBC in terms of added expense of one sort or another on the average to add a private station to its television network?

MR. DUNTON: Adding one would not be a realistic way of getting at the extra out-of-pocket cost, since the whole administration of the network is involved, but in rough terms it costs \$100,000 to add a station at the moment. The Corporation will recover in most cases a bit of that through extra commercial activity which may bring it down to something like \$80,000.

MR. STEWART: Does that represent capital cost?

MR. DUNTON: No, that is the estimated cost on a cost accounting basis of providing service by means of television recordings.

MR. STEWART: For a year?

MR. DUNTON: For a year. Service is going out to all stations between Windsor and Quebec City by microwave. Stations in other parts of the country are part of the network but are operated by television recordings, carried two or three weeks later. Most of the economic factors involved are the same, and there is not much difference in the cost volume.

THE CHAIRMAN: When you do get microwave relays across the country, the cost of the microwave





will almost be the same as the present cost?

MR. DUNTON: It will be somewhat more, but we will save money on the very complicated operation, which is a great headache to our management, of the television recording system. Money on that will, of course, be saved.

THE CHAIRMAN: There isn't going to be a serious upward bulge in the microwave cost?

MR. DUNTON: Not serious. With better service and quicker and better quality there are extra costs involved.

Perhaps I should try and outline how things work, and may I tell a little personal story about television; not myself personally, but of the corporate person of the CBC. CBC exists in no way in its own right. It is a creation of Parliament and they could snuff it out of existence or change it. However, as an effective living organization it does have a life of its own, and perhaps if I were to tell you about some aspects of that it may be of some assistance.

Go back first to the days after the war when I said that radio sound broadcasting seemed so important and television was very much on the horizon, coming back after the war. The Corporation has always known that it would have to be facing questions of television sooner or later, and began to deal with those questions very soon after the war. In 1947 very thorough studies were done under the direction of Mr. J. A. Ouimet, who is now General Manager and Assistant Chief Engineer,



I think. He did very complete investigations on the costs, and all that sort of thing. It was only just starting in the United States at that time after the war lull. The first beginnings were in 1946, and a little more in 1947, and by 1948 it was a lively service. Of course, the programmes then were nothing like what they are now. As a result of this work, and in looking at possibilities and beginning to feel what was coming in this aspect, by 1948 the Corporation, as far as it was concerned, in its judgment decided perhaps Canada should be moving and making real plans if there were going to be a decision on a national system.

We had discussion with the Government since the Government would have to make all proposals to Parliament which would make the development of a system possible. In 1949 there came the interim decision and authorization from Parliament to start those first production centres, and at the end of that year and the beginning of 1950 the Corporation had the first go ahead with the National System, and the first loan to start became available.

In the next two years various things happened -- the Massey Commission and the Korean war -- which held up these facilities, but the Corporation began to move towards the actual start of television. I think our management deserves a great deal of credit for the way they began, and the concept of the way it was done, which is an interesting comment on what Canadians can and cannot do. A lot





of people suggested to us that we would have to go abroad to learn this television. Some of our people did go and have a look, but the people who looked decided that the best way Canadians could do this would be to learn by doing it. So, a plan was worked out under which about six months before the facilities were ready there would be the first start of a training class of CBC people learning by doing, and not going to expensive schools and establishments in other countries.

Just four years ago this spring our training and preliminary work began on actual equipment as facilities were being completed. That summer was a time of testing on the air and off the air, and then one weekend in September of 1952, which those of us who mixed up in it will always remember, Canadian Television burst on the public. It happened one weekend in Montreal, and a few days later in Toronto, and Canadian Television had started to go. There were many early difficulties: we could not come to terms with the Americans for American programmes; advertising organizations were telling their people to stay away from Canadian Television; there were all the natural problems of an organization starting off in this enormously complicated medium with all its demands, and particularly in the Toronto area starting off with a public already used to the expensive, lavish fare coming from the United States. In spite of that, the sale of sets began to rise, and rise enormously, and they haven't stopped rising since; last year it was going at an accelerated pace,



anyway.

The Corporation was doing about three hours a night, first, in English and French, in those early days, and the inevitable demand from the public came along, "We must have more. Canadian programmes must be improved so they would look better in comparison with the American programmes", all of which were available on the air to a number of Canadians. Starting from that, the pressure, interest and demand has never let up. It has been one of the fastest developments of television in the world. It has been, I think, one of the fastest developments of any national organization in Canada outside of wartime. In wartime there are other standards of getting things done.

To meet the public demand in the last four years, the Corporation have had to quadruple the staff since 1942. It has continuously been in a situation where our management has been trying to find out how to meet the new pressure and the demand for new and better programmes, and how to meet the need for other stations -- other CBC stations or privately-owned stations, how to meet the organizational needs. New people had to be brought in; executives found themselves with a small group under them one day, and a few months later that group would have grown considerably. All this time, with all the problems of what kind of programmes; what could be on the air, and all the practical ones of what can be got on the air; what can be got on with the existing facilities





and the way it stands at this moment.

The Commission, in one of its Terms of Reference, has to look at the management of the CBC, and it is not for us to say how it has been managed, and how well; the Commission will be determining that itself, but I think one would like to say what an admiration we have for the people who have done the real work in the CBC and have met this enormous pressure under our General Manager, Mr. Ouimet, pressure which it is perhaps hard for anybody outside of the life of television to imagine.

It is one of the easiest things in the world for someone to sit back in his living room and look at a television programme and say, "That is no good. They should have had another programme. That wasn't very well done", and yet it is one of the really complicated operations in the world to get that programme going on there. First you decide what programme should be there -- a Canadian one or an American one, and what commercial arrangements should be with it, what facilities will be available, what time, what cost allowed, what talent is available at what price for the show, what production ability is available, are the technical crews capable of handling it -- all those considerations and difficulties go into one television programme to which anyone has a perfect right to say, "It isn't any good. I don't think much of it." We know that is a fact of life that we cannot get around, and it is our job to see that for at least some of the time there is something on the air which people



will appreciate and think well of.

This demand of the Canadian public has not come out of the blue. It has put an enormous pressure on the Corporation, and we can take some credit for the demand: if Canadian Television service in both English and French wasn't any good, people would not have paid something like three-quarters of a billion dollars for sets or a quarter of a billion or three hundred million a year for the service to look at it.

We would be the last ones to suggest that there are not things to criticize in the present product of the national system and that there are not things which could be improved in the way it is handling its affairs. As you can see, the Corporation has had to concentrate so much in the last few years on meeting the challenges ahead that there hasn't been a great deal of opportunity to sit back calmly and say, "Isn't there a smoother and perhaps shorter way of carrying on this operation?" Not only has the management in the meeting of the month by month demands been under heavy pressure, but the Corporation as a whole has been in an uneasy situation.

In 1952, when the decisions were being made about starting off the National System, the Corporation after doing all the figuring it could do, but having to do quite a lot by feel too, said in effect, "We think that a National System will be built up in Canada producing a substantial amount of Canadian programmes, and using a good deal of importing programming in French and English, using private as well





as publicly owned stations, reaching about 75 per cent of the population at a continuing rate of about \$15 per television household per year." I might say in doing those figurings we didn't sit back and say, "What kind of television system could Canada have, and how good could it be?", and then say that that would cost so many dollars. It was rather the reverse of trying to say, "What is the smallest figure at which a reasonably adequate service could be built up?" We stated our views and estimates very clearly at that time publicly and to the Government, and Parliament started off, as we understood, on that basis.

As the Commission is aware, however, in 1953 a decision was made that the revenues to the Corporation on television should come out of the yield of an excise tax on the sale of sets. The Corporation knew perfectly well what would happen to the curve of the yield in television sets. It would be bound to go up for a while and we didn't know how fast. We knew the general shape: it would be bound to go up pretty steeply, and bound to level off, and bound some time to drop. We also knew perfectly well from our planning ahead that the costs of operating the system would be bound to go up fairly sharply and keep on going up. So you can imagine the situation for the last three and a half years. The Board of Governors, after meeting responsibility for this organization growing in size every month or two, shows in its statements plenty of funds on hand in spite of that complete uncertainty about what the future would



bring and complete uncertainty as to what scale of operations it could be planning on and authorizing two or three years ahead. This situation has been naturally an uneasy one for the responsible people on the Board and in the Corporation. We have thought, in view of what we said in 1952, that we should not follow in our operations the curve of revenues, otherwise you would have a ridiculous situation. We would have been spending wildly in 1952 and 1953 and when the excise tax was high in 1955, and then this year when the excise yield is bound to drop off a bit we would have to cut down our expense, and this is the time when the system is still growing up and developing towards the general objectives and scale set three years ago. As at this very day, at the meeting of Board of Governors, we don't know where we will get our revenue for the rest of the year to meet the present scale of operations for the rest of the year.

MR. STEWART: Have you built up a model forecast for the five or ten years of what would be necessary to bring about the desired end?

MR. DUNTON: Mr. Stewart, we have a whole lot of forecasts on different bases, and I would be glad to give them to the Commission, depending on what kind the Commission wants.

THE CHAIRMAN: I think this whole question of the \$15 figure, the present situation facing the CBC, the problems of financing both short term and long term, are matters which we will at this session want to take a good deal of time in discussing with





you and your associates on the Board at the hearings later this week. I think that forms a very large part of what we will be asking of you, and we really should ask them at this week's hearings rather than wait for the fall, because it is an immediate problem. We would like you to outline as fully as you wish or can the problems which exist, and we know that that one we definitely want to come back to, because, as has been said over and over again, we are interested in a great many things, but if you look through the items it is the financial problem which is the core and centre of the Commission's task.

MR. DUNTON: Well, I didn't mean to get to that yet. I have been discussing the management and the problems involved, and this particular problem of uncertainty about finance has been the greatest of all.

THE CHAIRMAN: I thought you were going on with organization and staff matters, and I wish you would do that; but, don't forget the finances.

MR. DUNTON: I haven't at the moment much more to say about this question. I have tried to outline in a very general way just how the Corporation has to operate, but that does bring me to this: we have done so in the memorandum, and if I have given you some sort of picture of the basic factors involved and some sort of picture of how the Corporation itself and how the whole system works, I would like to move on down to more immediate things and comment briefly on the issues before the Commission as they appear to us -- roughly appear to us to be.



THE CHAIRMAN: That is certainly what I hope you will do. You did use the phrase that there were certain national issues affecting this whole question in Canada, and I would welcome it, and I know the other two Commissioners would, if I could have your definition of what those issues are and your view and comments and suggestions, as to how they could be met. So, proceed as you choose, and I think we will adjourn in about ten minutes, if you have one neat little issue you can deal with in ten minutes. Alternatively, we could adjourn now.

MR. DUNTON: I think it would be neater for me if we could start after lunch.

---The hearing adjourned at 12.20 p.m. until 2.15 p.m.

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--- Upon resuming at 2.15 p.m.

THE CHAIRMAN: Are you ready to resume, Mr. Dunton?

MR. DUNTON: Yes, Mr. Chairman. Following luncheon, we are prepared to talk about the questions before the Commission as we happen to see them. The first one we mentioned relates to the subject we were discussing at the end of the morning, that is, the way the Corporation carries out its responsibilities. The first issue in our mind is how the finances of the Corporation are provided. We feel the method of provision of finances, the type of arrangement under which they are provided, can be extremely important in the future, as indicated in our memorandum in general terms. We believe it is logical they be provided on some basis under which they are related to the service given, that is, they are paid in some way in respect of or in relation to services to people and numbers of people, and that the arrangement, a scale under which they are paid or are contributed is set for a period of years.

THE CHAIRMAN: Do you mean they should be provided in this way or should be measured in this way?

MR. DUNTON: Both. I am going to explain, they should be both. We think this is important for several reasons. One is the general position of the Corporation and of the National System as explained this morning; it has been an accepted thing for a number of years that the System, the Corporation,



should have its own independent responsibility to Parliament for various reasons, questions of freedom from any taint or suspicion of partisan influences and also for flexibility in handling its other comparable and volatile affairs. It seems to us that this is possible only if there is a businesslike kind of arrangement under which the flow of income through public channels is on an assured scale, and if it is to be businesslike it should not be just a figure taken completely out of the air but should be some figure related to the service per year or per night to Canadians in their homes across the country. In our memorandum we have outlined several different systems we have known. It is not our position, we feel, to plump particularly for any one, but I think in particular we have emphasized the possible consequences that we see as possible coming out of a system of finance by means of an annual vote of Parliament.

It seems to us, perhaps we are wrong, but under our constitutional system in Canada if there is an annual vote it must be proposed, the Government takes responsibility for proposing a vote of money to Parliament, it, in the course of events, takes the responsibility as to how that money is spent, throwing the responsibility to say where that money goes, direct responsibility. It is not possible to say whether that principle should apply to broadcasting. We would point out or draw attention to the consequences which would arise from that; presumably the Government of the day, whatever it might be, is





responsible for how the funds are spent, responsible in having an influence or a direction on how they are spent on programmes and other activities, not only that question, but the question as to how the Corporation carries on its affairs. We have found in our experience that it is not the sort of activity that can be carried on effectively the way the work of a Government department is usually carried on, that is, with the full chain of responsibility for every detail finally going to the Minister, with the kind of consideration that the Treasury Board officials give in their duty in checking or assessing or reviewing any finances, the spending of public money.

In our experience it has to be a full responsibility for how these moneys are spent with the system on the principle which has existed for some years, in this case of a Corporation with a Board representing the whole public have that responsibility and answer for it, and under that general responsibility there is the wider room for flexibility in the business of carrying on broadcasting with all its everyday complications.

Furthermore, we feel it is sensible that, as you say, the scale should be measured in some way related to the service as though we were selling a product, or an amount paid in some way by subscription by all the members of the public. It appears to us the only businesslike way of assessing how the Corporation has met its responsibilities. There is a problem perhaps in political science in how a



Corporation in the particular position of ours answers to Parliament and how Parliament in turn checks back on what its child is doing.

THE CHAIRMAN: Particularly in a thing like broadcasting.

MR. DUNTON: Especially in broadcasting, because in other cases it is easier to check, if they are or are not making money. There can be all sorts of reasons why a public body was not producing a profit but they can so easily assess it then. It is our suggestion that these assessments can be made more accurately and better after a Corporation has had a reasonable chance to operate for some time on a business-like scale of income, then it is up to the Corporation to show by examination what it has been able to do within that frame of finance in a general way; has it done well within that scale or has it failed in some aspects? Our feeling is it is hard to measure that against lump sums of money, partly because broadcasting costs, conditions, the development of the art changes so much through the years, but there is some relationship, I would say, at least between the number of people who watch television and the kind and cost of service that is going out to them.

THE CHAIRMAN: Would you say that relationship was necessarily constant?

MR. DUNTON: Not completely constant; I think it is about as good a relationship as you can get in television. If, say, there was a very simple, cheap means under which anybody with a television set





and wants television service, paid, say, four cents a night for that service available to them, and they had their set, four cents would be good but five cents would be better, about the price of a daily paper, but there doesn't seem to be an easy method, a simple, cheap method by which the public can subscribe to their service.

My suggestion is, as nearly as possible the arrangements are so that the Corporation is assessing itself and doing its job on behalf of Parliament and Parliament does not say, "You should not be spending that money on television." On the other hand, there has been a system under which this Corporation gets money for the service it provides.

We feel the next issue before the Commission relates to the whole structure of the Broadcasting System.

THE CHAIRMAN: Mr. Dunton, before you leave that, you mentioned the one method of an annual vote of Parliament and the disability or the undesirable features connected with it. Would you care to make any comment or will we leave it to later questioning, as to other alternative methods of financing?

MR. DUNTON: Yes, I can make some comment now, if you like.

THE CHAIRMAN: You have mentioned the annual vote method. Today there is obviously the other one, the licence fee method; you have made some comments already on the present method which, I take it, without wishing to press you on it, you do not regard as



too much according to the rules that you have laid down.

MR. DUNTON: We do not feel there is a relationship under the present method to the service which has to be provided each year. Perhaps I could comment briefly. The licence fee had important disadvantages and we are not advocates of any particular method, but, at least, the Corporation is self-supporting from the licence fee and its commercial revenues. In other words, people, if they had radio sets, had to pay a subscription towards the service available and the Corporation had to, and did for a number of years, live and build up a service on that basis. It could be calculated just like a commercial organization and it could still be done if the subscription price had been raised in accordance with the cost levels in Canada. The Corporation could make its calculations, carry out its responsibilities in a businesslike way.

Since then, as you know, sound broadcasting has a statutory grant, and there are several difficulties with that; first of all, it is fixed, and if service goes up, more service to more people, the costs tend to go up. Those are the two chief methods we have known so far apart from the excise tax of the last few years, and at the moment we are facing a possibility of the necessity of an interim annual vote this year.

THE CHAIRMAN: I will get back to this later, but you have certainly touched on the main headings which have occurred to me as possible means





of financing.

MR. DUNTON: The next issue arises really from the last section of the Terms of Reference, having to do with the licensing and control of private stations. We feel that is what is involved in this is the question of the whole structure of the Broadcasting System in Canada.

To get into it quickly, the suggestion of a separate Board which may, at first glance, look like a relatively simple matter of administration and transferring certain powers from the Canadian Broadcasting Corporation to another body. We feel that actually in this question is the issue of a whole re-shaping of the Canadian Broadcasting System.

Perhaps, to review for a minute things I was asked this morning about what the CBC has been given to do, provide a national service, that means service to all parts of the country. Under the present legislation and the present licensing policies, the Corporation can carry out that service only through private stations and can do it through the private stations effectively only if it has certain co-ordinating powers over such stations. To put it another way, the Corporation is using money which comes from the people in many areas of Canada which is served by private stations; it is part of its duty to, in return, get that service to those people with those funds or with funds of which these moneys form a part. Well, as far as we can see, we can only meet that responsibility if we have authority to



keep this service effective on those channels that the private stations occupy. Besides the money aspect, the channel aspect is very important since broadcasting service can get out only through air channels and if the National Service is going to reach all people it must have access to the necessary channels, either through transmitters of its own or through other stations occupying the channels. In effect, the present legislation gives the Corporation the power, through its co-ordinating methods, to reach people in one way or another.

As we pointed out this morning, in effect the present unique CBC is in effect an integration, a combination of public operation, commercial operation of public facilities, to provide facilities for co-ordination by public legislation, and co-ordinating for the purpose of carrying on a national broadcasting system in Canada.

It may be said by some people, "Well, that is perfectly right. Under the Canadian kind of structure there must be a co-ordinating structure of some sort or the whole thing will not work successfully, but why should not some other body do that co-ordinating, not the CBC?"

I would like to say one or two words in connection with that, and the first thing is, it seems to us that would be a curious arrangement in that it would mean a divorce between responsibility and authority. In simple terms, the Corporation would have the responsibility for getting service out





through private stations but not have the necessary authority to do it, the authority resting with some other body. It would be an odd situation and probably would not work very well.

It is not only the question of the principle of public responsibility and authority going together, it is also the matter of how things work and have to work in broadcasting. In broadcasting, for instance, a great deal of the co-ordinating efforts of the Corporation are done not just by formal decisions of the Board of Governors, some may go that way but a great many of them are carried out on the responsibility of the Board of the whole Corporation in the day to day workings of the System, -- questions relating to programmes to be carried on private stations, rates, when certain programmes can reasonably go and when they cannot. That all rests with the Corporation, who is responsible for working it out, the common, everyday factors in the work.

We have difficulty ourselves in seeing -- perhaps other people can see it -- how any other method of operation of a system of that kind could be handled with dispatch or a practical flexibility to deal with these real, important co-ordinations which come up just about every day in broadcasting operations.

I might say we are not suggesting, or the Board is not suggesting in any way that it should have powers to pass judgment on broadcasting; we are not even suggesting that, but we do have to have the



authority, if we have the responsibility, to carry on a network on a national broadcasting system. It obviously is not interested in the number of spot announcements in fifteen minutes, whether it should be one, two, three or four or more, that has to do with the use of broadcasting channels and probably won't make any difference as to how things function and yet, it is related to some extent to a very essential part of the Board's policy in the uses of stations in a sensible and practical way.

If I can try and develop our thoughts a little further I would put it this way: we have here documents which are going before the Commission, but we read the newspapers as others do and we know there have been people who say there should be a separate regulatory Board because the CBC and private stations are competitors. It is not our role to take on anybody about whether there should be a separate Board or not, but since that comes within the terms I think the Commission will probably want to examine the premise, and it is our suggestion, first, that the present situation does not give very much support to the premise that the CBC and private stations are essentially competitors. The Corporation is spending millions of dollars on service in television, which goes out through and to twenty-five different private stations. As I explained this morning, it does not do that to subsidize or help these stations; it is carrying out the job with their help by working through the private stations, and they, I think, in





most cases are being helped in their operations by their part in co-operating in carrying that service. In sound broadcasting some people may point out that there are a number of private stations which do not form regular parts of the network of the Corporation. The Corporation has, through the years, recommended a few private stations that would not be network outlets because it was felt that they would supplement the general service in Canada by providing alternate service as an alternate to the general national service provided in an area. In sound broadcasting with the lower general cost you could still have those extra opportunities for broadcasting without harming the whole general national service, but, again, in sound broadcasting it is hard to see that there is very much in the way of that strong competition since, as a matter of general policy, the CBC has confined itself in sound broadcasting to network business, and it is certainly not correct that there is any commercial competition in that case.

Summing up, we have said, and I think the facts show, that what amount of competition there may be is very small indeed. The analogy is drawn between railroad transportation in Canada, and I think analogies are often dangerous, and we think that is not true. We feel there is no similarity between the two. In the railway transportation you have the situation of two lines only, there are two systems, as well as smaller ones, the two main systems, one privately and one publicly owned, each running



across the country doing about the same sort of thing, competing to some extent with each other. There is a Board of Transport Commissioners which deal with some questions of rates and safety and service on those lines, but dealing with two systems of about, or very close to the same structure and the same sort of function.

Broadcasting is an entirely separate situation; we have the publicly owned body using the money paid by people to give them service, service to everyone in the country every day.

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As has been easily seen, there is no similarity at all between railroad transportation and the situation in broadcasting.

Again, quite often Canadian Broadcasting legislation is compared with Australian broadcasting legislation, and, as we know, there is there a Board known as the Australian Broadcasting Control Board, which has certain functions over the public system and the privately-owned stations, and still people say, "Why doesn't Canada do the same thing?" Well, there is a difference between the two countries. There they go their own ways, and the National System doesn't have to rely on private stations. The private stations don't carry national service, and they go their own way in broadcasting. Therefore, there is no particular obstacle to having one body doing one regulation over the two, but there is no need, or circumstances employed there, for the publicly-owned system to use or have to co-ordinate the privately-owned stations.

I have been suggesting that the premise on which the argument for a separate body is usually based is not a very strong one and is not very true at the present time, but it could very easily be made true; that is to say, if it is decided that the CBC and private stations are, in fact, to regard themselves as competitors and to act as competitors, then the premise has a lot of validity. If the CBC and private stations are told not to work together but to behave like competitors, then there is plenty of reason to have a separate Board. There is no



reason for the public side to have the co-ordinating power over the private stations, because of its own operating front. We begin to get to the point of the two essential kinds of structure, as we see it: one, roughly as it exists now, the unique Canadian arrangement of publicly-owned system having to rely on private stations and therefore having to have certain necessary powers over them; or, the alternative of a private station relying on its own facilities and having no need of power over private stations.

THE CHAIRMAN: Supposing, for the sake of argument and purely theoretically, the situation became, "Go ahead and work as competitors; carry on as real competitors" -- and you say they are not competing really now -- what are the implications of that?

MR. DUNTON: There are quite a few implications. In the first place, the CBC is told to carry on a national service, and it would somehow have to reach all parts of the country, all the areas served by private stations, and it would have to establish its own transmitters. Questions would come up there, since over a dozen areas of the country they are operating on the only available channels. If the public service failed to reach those people it would have to have stations on those channels. That would, actually, I think, be the chief issue involved. With certain provision of funds -- not enormous ones -- and the access to all channels, the CBC could build up the stations and have a





national system. The private stations could go ahead, and the two could be regarded as in competition. Well, the CBC is quite ready to go ahead in that way if that is desired.

THE CHAIRMAN: That would mean you would not be using the private stations as an outlet for your national coverage. You would not be supplying the private stations with your existing national news or other service?

MR. DUNTON: Yes.

MR. STEWART: Where is the area of competition most -- obtaining advertising?

MR. DUNTON: We have trouble in finding it. In television we cannot see any competition. We cannot find any at all in television. In sound they have said there is some between private stations not affiliated with us and the CBC, but any element is a small one. There are a number broadcasting to the same audience, but from the CBC point of view we are not trying to provide the local service, but a national service, and we are satisfied if there is a true local service for the people too. If the CBC is told to compete, we will be glad to compete, but there needs to be a national decision on whether there is, in effect, competition or there is not, whether there is a co-operative, integrated system.

I find it difficult at times when people talk about the miserable competition between the CBC and private stations and, in effect, we are spending a lot of effort and money on a service



which goes out and brings considerable benefit in their operation. There are some advantages of the present system. It costs the Canadian people on the whole a little less because of the Corporation. Some private stations feel this unpleasant dominance of the publicly-owned system, and I would not say it is unpleasant, but it does not ease the operations of the public system that it has to work through private stations and has the job of co-ordinating them. We have enough complexity as it is. If it is decided the CBC is to operate only from publicly-owned facilities, then its task is clearer than it is now. If it is decided on a split system, the drawing of a line between private and publicly-owned stations, there are the factors about frequencies, and so on. However, the situation is more clear cut: for the private stations, they have the feeling that some don't like co-ordination of the national service, and it is just a question of how valuable the national service is to them and whether they want integration between the two or competition.

THE CHAIRMAN: It is perhaps an unimportant question and fairly obvious, and perhaps I should know it, but how is the decision made, or, how was it made that the CBC should work through the private stations? Is that in the Act or is it a matter of practice that has grown up?

MR. DUNTON: I think it came about historically.

THE CHAIRMAN: You may have told us this





before.

MR. DUNTON: The recommendation of the Aird Commission this morning was that there should only be publicly-owned facilities operating the networks. In the thirties they began to set up private stations, and it seemed to be commonsense. Money wasn't too plentiful, but instead of taking over private stations a number were left to operate -- this is before the Act -- and the idea was to leave a number operating but with the national system having the power to co-ordinate and use those stations when necessary. So, rather than as originally had been though, having a national system operating the facilities, it would operate some but have co-ordinating powers over others. You get that historic development in sound.

In television you get actual national decisions about licensing, which, in effect, go back to that historic development. Policy decisions by Parliament, with the approval of Parliament, are that there should be publicly-owned facilities and production and distribution of programmes, but there should be private stations allowed to operate, but under the co-ordinating power of the public service.

THE CHAIRMAN: I was being legalistic about this, to find out where the authority and the directive was. I know it has happened.

MR. DUNTON: In effect, the chief directive and basis for it is in the Canadian Broadcasting Act, which provides first that the CBC shall carry on a national service within Canada, and



then gives certain powers, operating powers, and so on, and then makes special provisions, in Sections 20, 21 and 22, for the Corporation to have co-ordinating powers over such private stations as exist, and to have a special influence through recommending powers under Section 22, such private stations and such frequencies they shall have and that sort of thing. I think the Act was probably deliberately written and is a directive and provides the framework under which the system can develop by using private stations.

It seems to us in logic there are two main courses open -- two kinds of structure, and it is not open to us to argue particularly for one. We think that is very much in issue.

There is another question related to the structure of the system and that has to do with the possibility of second television service -- alternate television stations or television service. This, too, is often presented as a question of possible competition for the CBC by competition between the CBC and some private interests. We feel again the issue is not that. This is a question of the form that the Canadian Broadcasting System is going to take in the future.

May I bring out some of the factors involved. As I explained this morning, the natural influence of commercial operation, of commercial arithmetic, is toward there being on any station in Canada -- purely on a commercial basis -- there being largely imported programming with some local





material. Therefore, additional stations which are established, like any station -- CBC or private stations -- tend to fall under that influence and tend to have their programming system largely on imported material with a certain amount of local material. That is apart from any steps taken through the operation of a National System. I want to make it clear that the Corporation is not opposed to altering its service for Canadian viewers. As a broadcasting corporation we know very well indeed what it is like to have a choice of service available to them. We think we are a forward-going concern as broadcasters, and we know the public would like it and that it is an advantage to the public to have at least two services available to choose from at any given time. The question is, just what form that service will take. For instance, one possible development which we can see very well, and the sort of development we have taken part in in sound broadcasting, would be for the establishment of second stations, alternate services in a number of areas so that in various areas you would have a CBC station and a private station, but with a National System providing some programming, particularly Canadian programming, to the second station. That would be something similar to the situation in sound broadcasting where, after the first big English Trans-Canada network we developed a Dominion network of which, in effect, the Corporation is only one station but provides a certain amount of programming right across the country to second private stations. We



can well foresee if the country wants to develop on that scale, the establishment first in some areas and then in others of second stations which involve CBC stations in some areas and private stations where there are CBC stations providing Canadian programming which would be carried on second stations. These second stations usually carry on a lot of programming of their own, imported or local. That would be a perfectly normal development. It is simply a question of whether the people want to pay for that kind of development -- alternate service through stations having some relationship to the National System and being assured that there will be at least some production of effective Canadian programming other than local programming on those stations.

If it is decided that second stations are to operate not as effective parts of the National System, but entirely on their own, I think there are some actual factors, funds and business involved. They relate a good deal to commercial activities. There would be additional services not as integrated parts of the system, and they are bound, naturally, one way or another, to tend to reduce either the commercial possibilities on existing facilities or the potential commercial possibilities; one way or another, they can reduce rates or stop rates rising as high as they might; anyhow, in one way or another, reduce the potential commercial activities.

As I explained this morning, it is Canadian programming rather than local. It is a





hard part of broadcasting. If there are other stations dividing the audience, they are bound to reduce the support for Canadian programmes already hard to get, so that the Canadian programming designed to go right across the country will have some weakened support. That might also tend to reduce the possibility of some good American network programmes coming in. That will happen because we, in operating the National System, try to get in imported programming to go right across the network, and it has to get those in a few key markets. Therefore, the programmes may be lost to the general national service in the other areas of the country. In general terms we think it is simply inevitable that if these second stations operate not as integrated parts of a national system, that the tendency will be to reduce or stop an increase in the effectiveness of the general national service going all across the country, the programming of that service in terms of Canadian programmes and possible imported programmes. It may not be thought that is disastrous; I don't think it is. Some stations in those areas may affect those services, having more money, and put in those services, and having the services going to Sudbury and St. Johns, Newfoundland.

THE CHAIRMAN: It is quite impossible to measure it?

MR. DUNTON: You can't measure it exactly. All we can point out is the tendencies and also the fact it is desired to start alternate service on the



basis of the Canadian structure.

THE CHAIRMAN: You can't measure whether it will do you harm, or it may do you good.

MR. DUNTON: I think we make a rough estimate in our memorandum. We think if we continued the kind of scale on all stations as we do now we could maintain the present coverage through our own facilities with an extra cost of somewhere around two to three dollars a television household. We would be getting a lot of other revenue in respect of those other transmitters.

Mr. Chairman, our feeling is that after those issues have been settled -- that of the kind of structure that Canadian Broadcasting should have, and the shape or framework of it -- then comes the big question of what is the scale of the whole thing for Canada.

I think the words of the Terms of Reference refer to the requirements of the Corporation for television. We find it very hard to state any requirements of the Corporation, and we have no demands to make for funds for handouts, but all we can do, we feel, is to say that if the country wants a certain scale of service we think it will cost about so much, or the reverse way, to say as well as we can that for about such a scale of income we think about this kind of service can be provided across the country. We tried in our memorandum to put some sign posts which may be of assistance to the Commission, but perhaps the Commission may have some other method of calculating, and if so, we will be glad to try and furnish the information to go with that. We have tried to do it as





clearly as we can. We point out that we have been developing a service since 1952 on what we refer to as the "\$15 per television household per year scale." We calculated on that scale of income a service could be developed in English and French using what we call a substantial part of Canadian programming, but, as we say, including a good deal of imported programming, including a good deal of commercial activity, but with a substantial core of Canadian programming and distributed in such a way to public and private stations that would cover about 75 per cent of the population.

(Page 121 follows)



We will have, in general terms, that kind of scale of services in the future. But we emphasize, it is not a question of us suggesting \$15.00, per television household per year, at all. We simply say, our estimate of the future of services at that amount can be provided. But we draw attention to the limitations of what we suggest can be provided on that scale, the limits being about the proportion of Canadian programming. It can be defined for the future, but we think on that scale of revenue the proportion of Canadian programmes could grow very little, it might tend to drop if there is an increasing pressure from American programmes. But that scale would relatively affect Canadian programmes. There will be development through the years, and that would cost money to keep up to what is a natural rise of standards of television. On that basis we do not think we could do anything but keep up as best we can.

In terms of coverage on that scale, we estimate the most that could be done, some improvement, some extension of coverage, but a rather small amount. I think one of the terms of reference of the Commission refers to the coverage reaching the greatest possible number of Canadians. And we are, as I am sure the Commission have in mind at all times, not the quality of the service, but the number of people it reaches.

This map give a quick indication of the services now. The circles show the contour, the extent of service of existing stations. They are drawn on the extending "B" contours. In other words, they indicate





the given assures services from this station. In all cases it will be pretty useful service. And this station that we have in Manitoba shows considerable service outside of that area in which people can be assured useful service.

You see, looking across the country---we have a population map---you can see the problem. While there is a considerable gap it does reach now, about 80 per cent of the population as well as the fringe areas of service. But, to reach the last 20 per cent, or part of them, then you get into complications of stations in areas---perhaps, you will that on the population map best---in general terms, the darker colours are the denser population. Glancing at it, you see the problem of coverage. In the remote interior of British Columbia they are very anxious to get television coverage; they are getting it through special antennas purchased at a great cost. They are Canadians, and if they want television coverage they could get it.

And the prairie provinces, outside the main areas, and some areas in Ontario---there is one station in North Bay, and one going in in Timmins, as well as one in northern Quebec, the maritimes and Newfoundland.

There are two main ways that coverage under the existing service in Canada may be broadened in the future. One is through the establishment of a few private stations. That is not as difficult as it sounds. We have here a number of proposals, or ideas, on establishing low power or cheap transmitters, privately owned and operated in different areas in Canada within fairly small limits.



And the prospective applicants for them can probably operate these stations if they can be assured of national service; say 40 odd hours of programming a week. And will be bearing some revenue if they can carry on and service an area and get some profit from non-network programming.

The other possibility of extending coverage is through the development of something like that in radio, a relay transmitter, network relay transmitters operated by the B.B.C. Generally, they were transmitting, not originating programmes, but carrying what is on the network. Operated in that way it would be possible to bring the main network service to areas that have not got it. We think that is extremely important, and I am sure the Commission will agree, and probably will be hearing from people across the country. They are people who haven't got it, and they are the people who really appreciate it.

It is hard to say in practical terms of serving every last Canadian in the north and other places. In rough terms we estimate in our memorandum, an increase of 12 per cent of the population can be made. We have made studies of this, roughly a cost of \$1.50, per television home in Canada as a whole. These are rough calculations, with a few more hundred thousand people it will go up.

THE CHAIRMAN: That would be \$1.50, not for the 12 per cent?

MR. DUNTON: No. The cost of reaching these people, per home, would be very high, over \$15.00, per





family, which is the extent of the service today.

THE CHAIRMAN: Well, have you reached any conclusion, by sort of reasoning, what the coverage limit would be?

MR. DUNTON: As far as we have got, we think we could do with the proposed stations, in some cases smaller, there are some just for largely privately owned stations, it could be increased to 93 per cent of the population with enormous expenditures, at about \$1.50, expenditure per television home. In other words, for an expenditure in the neighborhoods of three to four million dollars.

THE CHAIRMAN: This, of course, would be going far beyond your 1952 set-up?

MR. DUNTON: Naturally, it could not be done under the financial scale envisaged then. As you pointed out, it increases per coverage, per head, per television family.

Apart from coverage, is the whole question of programming, what the national service consists of. I think we have to emphasize, it is hard to express programming services in the number of units or in the exact character of programming, the labels you can put on them. The best we can do, we feel, is to indicate about the approximate proportion of \$15.00, per television household. But, if a higher proportion, a more effective development of Canadian programming is needed, then a higher scale than the \$15.00, is needed. Again, you cannot put exact figures on it. In our brief we mentioned it at under \$4.00, per home. You would get



a very worth while development of Canadian programming. Through the years at a smaller amount you get some lesser development allowed for the question of programming.

The question of service for second stations, if there is to be a provision to cover more and better Canadian programmes, should some of it go on second station, or more concentrated on the existing service? Perhaps, with sufficient funds development could go ahead in both direction, including first, bigger service across the country and also to start providing an alternative service---I should say, providing some Canadian programming for the development of an alternative service across the country.

The question behind the programme structure, is behind the very first question of colour television. We have given our thoughts and our comments as far as we can in the main memorandum and a separate memorandum filed this morning with the Commission. I think, to sum it up briefly, we feel colour will be a natural development of television. We cannot at this moment say exactly when seems to be the best time for it to start in Canada. We know there needs to be vast planning. The C.B.C. sensibly will give considerable time in advance, in fact, it should be planning now if it is going into colour in two or three years. It should start planning or acquiring new facilities with that in mind. We do think the development is coming, but as we we do not feel ready. Perhaps, the Commission will say exactly when it should start.

Everyone is watching the development in the United States. Of course, that created interest. And





there have been astonishing technical advances made. And the sets seem to be coming down favourable in price, but just when it will start to surge across the States, and when there will be a great demand in Canada itself for it, we don't know. It might be very soon, it might be far away. We think it is a natural development of television, and if possible, there needs to be some provision for it in the thinking and development of service as a while in the country.

As I say, Mr. Chairman, we find it difficult to put the question of financing in the terms of requirements of the corporation. It is not the requirements of the corporation, but it is, finally, whether the people of Canada want to assess themselves for having a television service of their own. It comes to be a question, not as far as the amount of what the cost of the C.B.C. should be---we do not think that issue arises for the country---it can be put another way, do the people, the television viewers, of Canada, now or in the future, want to assess themselves four, five or six cents a night to watch television? And after the cost---

THE CHAIRMAN: Aren't you asking a really impossible question there? I mean, the television viewers of Canada have probably no opinion of this question. You say, "Do they want to assess themselves?" They don't want to assess themselves for anything, I suppose. I mean, isn't this an impossible decision to be had? May be the parliament should decide it, may be the C.B.C. should decide it, may be we have to decide.



MR. DUNTON: That is what I was going to suggest.

MR. CHAIRMAN: Don't ask about the television viewers of Canada assessing themselves.

MR. DUNTON: Putting it pointedly, what the Commission recommends as reasonable.

COMMISSIONER STEWART: I find that the government gave you a wide responsibility to bring television and radio to the largest number of people in Canada; as such you have a responsibility. I think it would be beneficial to know what that would cost, and then we can see where the money could be found. We might fool you and do it in a year. Even cut out these non-essential, or some could be deleted.

I think we have to get from you first, the approach to what you think your responsibilities are to the public at large, as to the manner in which we are going to compose this medium of communication.

THE CHAIRMAN: May I supplement this? I think what is bothering us, it seems an odd form of polling to ask the people how much income they would like to have, how much they want to spend. That is an odd form of determining what is an adequate public service. You are, in effect, saying that the people of Canada, some way or another, have to decide what they are prepared to spend on a national television service. You will, I presume go ahead and explain it to me. Although, as Mr. Stewart says, and it occurs to me, you are charged in the C.B.C. with the responsibility of providing an adequate national coverage in





television and radio. And we would like to know how much you think that kind of coverage will cost.

MR. DUNTON: I will try to put it a little more succinctly. We feel television service on the present standard in Canada, a little more than the existing coverage, can be provided over the next ten years at \$10.00, per television viewing family per year.

COMMISSIONER STEWART: Based on the present number of television viewers or based on the increased number of television viewers?

MR. DUNTON: Very much based on the increased number of television viewers. No, that would be based on the number of viewers rising considerably in Canada. As a matter of fact, most of our figures are based on the percentage of viewing families in areas having television available, rising to about 90 per cent.

THE CHAIRMAN: The other commissioners might think differently about it, I am anxious to get into this \$15.00, per television home business, and in the entire principle of by family cost, because this is one of the most interesting points you have raised to me, and it will take quite an exhaustive examination. But I don't think on your point of how you go about determining the scale of programming---I think you would like to tell us what you have---let us say the present scale of programming, how much is it going to cost in terms of dollars and cents? How much was added in the year? How much a year are added facilities going to cost? Not based on some rising total, you know what your costs are today, you know what new



projects you have to foot. We are looking for a cost figure, not an overall figure on what somebody wants to spend, what you think is needed for a good national system.

MR. DUNTON: We simply have to develop the a scale already started, and developed to the limits of 1952. You will need sums of money in the few years ahead, in the ten years ahead. The sums of money need today, that will be equivalent to \$15.00, per television home per year.

THE CHAIRMAN: I am not expressing myself correctly. I find difficulty in seeing the logical connection between the \$15.00, sum and the sum you need to provide national programming.

MR. DUNTON: Put it this way, we know that last year we needed so much money to provide the service that was carried on. But the service being carried on at the end of last year was very different from the service at the beginning of the year. It developed in a number of ways, better programming, in extent of coverage; it was a full service. Subsequently we need to expand for our programming.

Now, to meet the commitments already made, to keep up with the development in television so far, add something to Canadian programming, we will need more money next year, for the next two or three years, we will need fairly large amounts of money. And then, we will enter a plateau of expenditure to maintain the present standard of programming.

THE CHAIRMAN: I don't expect you to answer





this at the moment, but let me try to tell you what is bothering me, and you can work on the answer, perhaps, tomorrow, and give it to me. You achieved, as you said a moment ago to me, the coverage about what you originally set out to cover, you are up to 80 per cent reachability, instead of the 75, which you set out in 1952. You have about two million present operating sets in television homes. That is as I recall the figure. Now, supposing you do not extend at all, in terms of area or coverage, you have got all your facilities, your broadcasting equipment, your programming going out to these two million sets that exist there today. And you are able to estimate that as equal to \$15.00, per television home, which is presumable about \$30,000,000.

Now, supposing tomorrow, just suddenly, overnight there would not be that money around. But then you had one million more sets come in the very present area, it would no---if it is not one million, call it one hundred thousand or any other integrated figure, I am using one million because I want to be able to multiply properly--- you have your same facilities, your same programming, but your programmes reach another two to three million sets, I think your cost would not rise from thirty million to forty-five million.

MR. DUNTON: Our cost is in the stage of rising from below thirty million to over forty million, simply to meet the service as it is developing at the present moment.

Supposing there were another one million families this year, there would be an influx, we



wouldn't need all that money this year, but put it aside to meet other years, as any sensible business man. But services for the next few years, there will be a considerable rise in cost to carry: one, our present operation to meet commitments already made for this coming year, and the affect of commitments for the year head. The best we can do in calculating is say we can keep this rise of expenditures, if it is necessary, within the scale that will be about equivalent to \$15.00, per household.

COMMISSIONER STEWART: Mr. Dunton, if that increase in television took place in the congested area of southern Ontario, would your costs go up proportionate to the number?

MR. DUNTON: No, they wouldn't proportionately.

COMMISSIONER STEWART: In thinking of this additional number of television homes, you are thinging rather of the number being greater throughout the country?

MR. DUNTON: Yes. And I am afraid we are not relating the extra cost arising there with reference to the same thing as you are thinking of. As I explained, Mr. Chairman, if we can get the service into the valleys of British Columbia it will cost more than \$15.00, per television household. I would have said, in very general terms, any development of television throughout the country, in general terms, it would seem to us sensible to calculate it on the relationship of the number of people benefiting from the service across the country, and providing for that service.





THE CHAIRMAN: My difficulty, as I stated before, in going back on your illustration the fact that your costs are rising anyhow I would say if you don't get your additional million television viewers then your fifteen dollars per home will increase.

What I am trying to say is I can't see the logical relationship in all stages of the game. I can see at the outset you have to get some figure, but I can't see the logic in \$15 per television home as being uniformly averageable.

MR. DUNTON: I don't think there is any logic in it at all. I think we have been searching since television started, and still are searching, to try and find standards or ways of expressing or relating possible expenditures.

The way many people do it is to try and relate it to lump sums of money. Well, placing the development of television for ten years ahead what should be the lump sum the C.B.C. should have say eight years from now? If anyone tells you you can put a lump sum down on paper and say "We will work to that" and say eight years from now we are spending a lump sum of only so much, we will have to develop the service or cut it to come within the annual expenditure within eight years, should we say it is more realistic not to work on a lump sum basis but to relate it to the number of people using it? I agree it is an extremely rough relationship but at least with the idea if television develops further, and if more people get interested in it, there will be a corresponding development to some extent in the service and quality, and to put it another way -



or at least if the company maintains its service to induce people to be interested in it. In other words there is some standard of relationship to people getting the service.

We agree it is an extremely rough relationship. If anybody can think of better ones we will be only too glad to hear about them.

THE CHAIRMAN: First of all do you feel and does the Board of Governors feel now that the present general scale of programming and services about which you have been asked the C.B.C. has accomplished? In other words are you reasonably satisfied with the job you have done to-day?

MR. DUNTON: I think I can put it this way: We think on the whole a good job has been done so far within the means provided. If you ask me bluntly I can say as a member of C.B.C. we would like to see a greater financial position to allow for a much further development of Canadian programming, and a further program coverage.

We feel in general the Canadian element in the service is not as strong and effective on the English speaking side as we think it ought to be. Then it is a matter of the judgment of others whether the country does want or should have or want to pay for a greater development in the service of distribution than there is at the present time.

THE CHAIRMAN: From what you said this morning you said the C.B.C. was commissioned with the task of developing a national service in both languages up to seventy-five percent of the coverage approximately, which is obtained with a reasonable content of Canadian





programs, and with a reasonably high quality of programs.

Now, I take it from what you have said you feel you have done that job. Surely you would like to do better, and that is good; nevertheless you have reasonably maintained the national function you were given to do. If that is the case can you admit - and obviously you can admit - the present cost of that? Supposing we or the Government or somebody else says we are satisfied with the standard too, we think it is all right, and we know the present costs, what are the rates of cost to provide this? Not on the basis of fifteen dollars per television home, or any other basis. What are you paying for the transmitters and wire services and what will you spend for micro-wave services? What are the areas you must go to and how much will they cost to build up a thing based upon present presumed adequate costs, or if that is sufficient cost to do the job plus the known increases that are to come? It is possible to do it.

MR. DUNTON: Certainly, yes. I know we are doing it all the time, and perhaps we put too much emphasis on the scale of per television home because naturally the organization as an organization to try and see the increased costs that are coming, and whether or not they are free to show you where the over-all costs would have to increase considerably in the next several years simply to fill out the service as it is now to meet the commitments.

THE CHAIRMAN: I would like to hear the C.B.C. make the estimates that I am suggesting leaving out any amount of fifteen dollars television per home.



MR. DUNTON: Yes sir. Starting there, which is the basis say of the present rate...

THE CHAIRMAN: Yes, I think you would have to take the present rate from where you are sitting to-day, and obviously if that way can't be maintained that is a way of cutting it down but that is the starting point, 1955-1956, and the year end rate as you enter into it now.

MR. DUNTON: Yes, and perhaps the emphasis, on the private picture, if you make it clear enough, the Corporation has made lots of work. We know what charges will be coming in this financial year, and the next one, and the one after that simply to reach the services in development.

THE CHAIRMAN: It is really to get those things from the standpoint of actual costs; the costs in the strict sense of the word. Not using the yardstick of \$15. per television home as some yardstick of either costs or increase certainly. We will be back again at the \$15. business. I think we have interrupted your train of thought.

MR. DUNTON: I was just about finished, Mr. Chairman. I think you have perhaps just taken my ending away by pointing out the essential question of cost and income involved. We say we feel the issues. Naturally the Commission would wish to examine the expenditures. Actually you are forcing us to say whether or not they are being well done. We feel there are bigger things being involved for the whole development of television in Canada in the future.

Now, to get back to the National Broadcasting System and the country itself: The big issues which the public have decided and presumably the company is going to





decide is in what way Canada and the Canadian people are going to provide broadcasting for themselves, and to what extent they want services spread across the country; and to what final proportion, and essentially how much of a Canadian television system is the country to have in the future.

We feel those are big issues that are beyond our Corporation. We can tell you, as you want to know, what certain things now are costing; what those things projected for a few years are costing.

We think the country itself through this Commission and through programming only the country can decide finally how much it wants to serve itself out of its National television system; to what extent they hope to be able to rely on a great deal of material coming from the United States and other countries, and to allow for communication among Canadians, in what way, and finally to extend to the furthestmost parts of Canada the benefits of television.

(Page 153 follows)



We think, finally, that is perhaps the one big issue before the Commission, an issue that we will try to provide factual material to help the Commission in dealing with it.

THE CHAIRMAN: I am sure there are a host of other features on this subject on which you could comment, many of which will be covered by questions which we will be addressing to you and your associate, both now and later. However, are there any other members of the Board of Governors or of your staff who propose to make any remarks in an opening way?

MR. DUNTON: I do not think so, Mr. Chairman.

THE CHAIRMAN: They must all agree with you.

MR. DUNTON: We met early this morning.

THE CHAIRMAN: I think we will break for ten minutes now.

---Intermission.

--- Upon resuming.

THE CHAIRMAN: Well, I think in resuming we shall ask Mr. Coyne who, in discussion with Mr. de Grandpre agreed that on this brief he would start off the questioning. If it is agreeable to Mr. Turcotte and Mr. Stewart we shall ask Mr. Coyne to start. We will run as nearly as convenient to 4.30 and adjourn then resuming at ten o'clock in the morning. Will you begin, Mr. Coyne?

MR. COYNE: Mr. Chairman, as a matter of procedure, I intended to take this main memorandum which is marked Exhibit 2, following more or less





the arrangement which is followed in this memorandum, referring to the other exhibits, supplementary or specialized material as it may be necessary as the questioning develops. I think that probably we will be jumping around from step to step but I think that is inevitable.

THE CHAIRMAN: Well, I think we had better try and let you go ahead, but it will be difficult for me to restrain myself but I shall try to do so even if I have to come back to the points you have covered, if you do not mind hitting things for the second time. Unless it is a pure amplification question we will try not to raise new issues that you are dealing with in your examination.

MR. COYNE: The only other thing I was going to say is, I have no doubt questions will come up in <sup>on</sup> answering/which Mr. Dunton might wish to consult his colleagues or even suggest his colleagues answer the particular question, and I understand you and the members of the Commission have no objection at all if that situation arises.

THE CHAIRMAN: Or, to put one more qualification, if the particular colleague of yours can best answer the question is not here we can defer that question and hear that officer later.

MR. COYNE: Well, Mr. Chairman, starting out in that manner and referring to page 2 of Exhibit 2, I would like to ask Mr. Dunton to tell us something about the limitations in the number of channels which are available. I think we have read



something that there are somewhere around two hundred VHF television channels available in Canada and I do not think that means if the stations were built you or I, sitting in Ottawa, would have the choice of two hundred different programmes but would you explain to us what the limitation of channels means?

MR. DUNTON: That is properly a matter for the Department of Transport, but perhaps I can give a very brief outline. In very high frequency television, that is what we have now, what we know in Canada today, there are only twelve channels available for use in North America, the same twelve channels in the United States. These channels, of course, can be repeated and used in different parts of the country since propagation from them is not limited and it can be down to a point that can be fairly well defined so they can be repeated around the country provided there are certain minimum separations between and moderate separations between the same channels in the same area, since there can be interference from them. We have had to come to an international agreement with the United States for the location of channels within 250 miles of the border since, of course, stations in one country could interfere with the stations in another country. In effect, particularly in Canada, within 250 miles of the border, we have a pattern of the location of channels. That has been worked out by the Department of Transport by agreement between Canada and the United States, a pattern under which certain channels are allocated to certain areas. That means in





wider areas, in big general areas where there is a heavy population and there is need for quite a few channels such as Southern Ontario and Northern New York. In the smaller areas there are channels available. For instance, take Southern Ontario, there are only two channels available in the Toronto area and the rest of Southern Ontario, the main part of Southern Ontario, Windsor, London, Kitchener, Wingham, Barrie, Peterborough. There is only in effect one television channel available in Ottawa, there are two, and they are both in use at the present time and so it goes across the country. In Montreal, farther away from larger areas of big population, there are four or five available and in other larger areas of the country there is more than one channel available in some specific areas. As I mentioned this morning, I think there are thirteen points where there are stations now and there is no channel for an additional station.

MR. COYNE: Referring to Toronto for a moment, does what you say mean that that there can only be two VHF television stations in Toronto?

MR. DUNTON: Under existing arrangements as far as we know them.

THE CHAIRMAN: Do you mean two additional ones?

MR. DUNTON: No, the existing one and one other one.

THE CHAIRMAN: So there is only one opening?

MR. DUNTON: Yes.



MR. COYNE: Whereas in Montreal -- ?

MR. DUNTON: There are two more stations available; there were five in Montreal, and, this is typical of the thing, one was moved out to be made useful in the Sherbrooke area. That is the example of the channels so that there can be service in one area. There was one which was originally allocated to Montreal and it was moved. In Southern Ontario there is a great shortage of channels.

(Page 170 follows)





MR. COYNE: What about ultra high frequency?

MR. DUNTON: A larger number of channels there, and again there is the allocation pattern in Canada and the United States, and again an international agreement, and in each area of Canada there are UHF available and usually more than VHF. It is a question of the practicality of the ultra high frequency. The United States has for some time been granting applications for licences for the UHF, but in general UHF broadcasting is not going very well in the United States. I think particularly UHF stations, where there is VHF service available, are having a very hard time, and a number of them have gone off the air. Some of them have a certain amount of success in areas where there was no other channel available. In other words,<sup>1</sup> in theory there are more UHF channels available. I don't think at the moment any one in Canada, either CBC or private, would like to apply for one, and nobody ever has. There would be nothing legally to stop anybody applying, except for matters of policy which apply to any applications, for a ultra high frequency channel.

MR. COYNE: Does that reluctance to get into UHF relate to present technological difficulties that are likely to be removed -- I mean ultimately?

MR. DUNTON: Whether they will be removed or not, as we know, ultra high frequency transmission in general terms requires higher power. It is not quite as satisfactory in getting around obstacles, and



tends to leave more ghosts, and there are more complications to it and it means either a different television receiver or an adapter, an extra installation, on the existing VHF receiver.

MR. COYNE: This limitation of channels, I suppose, is also a factor in the field of sound broadcasting, isn't it?

MR. DUNTON: Yes. It cannot be put as precisely because we haven't got just twelve channels. You have a wider range of frequencies, but in general the use of standard frequencies is covered by the North American Regional Broadcasting Agreement. Under that agreement there are channels which are used by different classes of stations. High power stations can use them, having a high degree of protection. The principle in Canadian broadcasting for years has been that the national system rates first access to this small number of channels which Canada could use. There are other channels of different classes which in general terms you can operate at a certain maximum power, or stations having protection against interference only in certain contours. It is complicated and depends a great deal in many respects on who gets there first. The general principle is, apart from different classifications and channels and those allocated to each country, in very general terms a country cannot license a station which would interfere with existing stations beyond a certain laid down standard.

If you want a fuller explanation --

MR. COYNE: No, I don't think so at





this time. Could you make this generalization; by reason of the nature of the medium there cannot be as many television stations as radio stations in Canada as a whole?

MR. DUNTON: It is always hard in broadcasting to make completely accurate statements. In general terms there cannot be in most areas as many very high frequency television stations as sound broadcasting stations. Whether there could be in theory as many combined VHF and UHF as in sound would need complicated study. In sound broadcasting a clever engineer may find a new device under which a station on low power using a directional antenna with heavily restricted propagation features may be able to fit another station in an area in which there are already a number of stations.

MR. COYNE: Is that improvisation --

MR. DUNTON: I point out there is essential limitation of the radio spectrum. That can only be used to some extent, and you get diminishing returns if you keep on repeating. There is an essential limitation on the spectrum, and therefore in the transmission, in any area in the world.

MR. COYNE: It is difficult to reduce those limitations to precise terms as to the specific number of stations?

MR. DUNTON: Yes. The engineers can give you very precise descriptions of the limitations. You can't put it into a number of stations --- I suppose, without much trouble, you may have six



television stations in Yellowknife because there would not be other towns near, that is not a very realistic point.

MR. COYNE: Passing on from that, you then go on to the question of the national service to have access as required for the various channels, and I propose to ask you later on some details about network arrangements, but could you say generally in what way the CBC has access to these various channels that are occupied by private stations?

MR. DUNTON: In general terms, it has access under the terms of the Canadian Broadcasting Act, which give it co-ordinating powers including what you might call running rights to have its programmes carried on the private stations. Under the terms of the Act it has wider or general co-ordinating powers over the station --

MR. COYNE: Perhaps it would be more helpful to us if we went into that in more detail in dealing with --

MR. DUNTON: I think it would come more naturally, yes.

MR. COYNE: We are still in a fairly general situation, Mr. Chairman.

I am turning to page 5: in connection with microwave relay connections that are now, I understand, in the process of construction, am I right in thinking that the construction of that relay system involves no capital cost to the CBC or to the Government?





MR. DUNTON: The CBC may have capital cost in connection with the control facilities, but, as you say, the main capital cost of the system is carried by the communication companies, but the CBC have systems in that on the basis of long term contracts.

MR. COYNE: Somewhere in your memorandum you have given us details of those contracts and I think you give specific annual sums. Are those rates set for the entire contract period -- that is, do you pay the same annual rental for these facilities next year as you do in 1962 or 1966?

MR. DUNTON: There is an escalator clause in it, but in general the contracts are awarded on the basis of tenders, and there are set scales of rates. Of course, we use more service, or duplicate service, and the amounts we would pay --

MR. COYNE: Under those contracts there is some minimum amount that you are committed to pay to the communication company?

MR. DUNTON: Yes, we had to assume the charge for a certain basic service.

MR. COYNE: If you use a further service above the basic service that, of course, involves additional costs to you?

MR. DUNTON: At rates provided for in the contract, yes.

MR. COYNE: Is it possible to say in relation to the total figures that I think you have given us, what that contemplates -- in other words, is it so many hours a day for the five or ten-year period?



MR. DUNTON: Basic is eight hours television and sixteen sound broadcasting.

MR. COYNE: If you were to operate a second network or if you were to operate for more than eight hours a day, that would be a matter of further contracts?

MR. DUNTON: I think in most cases the contracts cover the rates which will be charged for either service beyond the eight, or we would prefer a duplicate service.

MR. COYNE: If there was an extension, the amount you would pay for that additional service is already fixed in the contract?

MR. DUNTON: Above the eight hours, yes.

MR. COYNE: On that same page, referring to programme distribution, you state that the English service is currently running 40 to 45 hours a week, and of that 55 per cent represents Canadian programming, and you explained this morning that the Canadian proportion of individual stations, whether CBC or private, would be lower. What considerations determine whether the CBC will produce a Canadian programme or import a foreign one? In other words, about this 55 per cent figure, why isn't it 25 per cent or 75 per cent?

MR. DUNTON: In the first place, the amount of Canadian programming we produce is limited by the funds we have available. That is, first the funds coming from public channels, and then funds we can attract from advertisers in Canada to supplement





that amount of money coming through the public channels. As I explained before, except in a few circumstances, we cannot attract from the advertisers the full amount of the cost of the Canadian programming in most cases. We do in some, but in most cases we cannot. Therefore, that is the first consideration in the amount of Canadian programming we can do. A second factor is that we make a profit on all imported programmes. On the programmes coming in directly from American networks we and the private stations affiliated with us make a relatively small amount because quite a large piece goes to the originating network in the United States. If it is coming in by film, then the net amount left to the Canadian system, the CBC and private stations, is naturally rather larger. So, as you can see, all those considerations enter into the decision to give a Canadian programme or an American programme. In effect, it is first the funds available and the amount of American programming is governed partly by the desire of Canadians to see them, and secondly the need to fill out our schedules to provide a pretty good service, and thirdly for the revenue.

MR. COYNE: Is there any optimum figure apart entirely from the fact of your costs or within the limitations of your revenue, is there any figure from a programming consideration that you are aiming for?

MR. DUNTON: In our judgment we have hoped earlier, but we would think the service would be



much better and we would have a better national job if the proportion were higher. In rough terms, if about, say, 65 or 66 per cent, two-thirds, were effectively Canadian, but I don't think the exact percentage is important. It is also the actual effect and quality of the Canadian programming, as well as measuring in percentage terms. In our judgment at the present time the Canadian service should have a higher proportion of Canadian programming.

THE CHAIRMAN: May I interject; I understood you to say that the Canadian content was limited by the funds available. How could that be accurate if for the years up to date you have had a surplus fund, and for last year you had deficits, and for the year coming you may have still bigger and better deficits? How could you possibly say that is limiting the Canadian content?

MR. DUNTON: I hesitate to mention that \$15 business again, Mr. Chairman, but as we pointed out this morning, when we were beginning in 1952 we had to state some kind of scale of operations and guess how much programming we could do and how that would have to develop through the next few years. We knew it would go up and then down and we could not see/<sup>how</sup>in common sense we could relate our planning and the amount of production to that. Therefore we took it at \$15 a household and said, "We will keep within that even though we have extra money this year, and 1954 and 1955, and we will keep that in reserve," and we are going to have





to use that in this current year. We don't know what the financing is going to be, but we said we would do it for \$15 and we will keep at this \$15 figure. The point I was making this morning was us taking some kind of standard and working to it -- crude and rough as it was.

THE CHAIRMAN: I may be being over-technical about it, but it is not so much the funds available, but it is the funds the Board of Governors chose to take in years of surplus, and the amount they chose to run into debt.

MR. DUNTON: We felt a little more bound than just choosers, because we said definitely, in rough terms, we thought it could be done. We felt it was more than choice, but we should keep within that in 1954 and 1955, thinking of the future and knowing you are committed to a service in the future.

THE CHAIRMAN: Perhaps it was a technical point on my part.

MR. DUNTON: I think it is very important.

MR. COYNE: In effect, the more Canadian programmes you produce the more funds you require from public sources, or vice versa?

MR. DUNTON: Yes, in general terms, the amount of national Canadian programming would vary in direct proportion to the amount of funds from public sources.

MR. COYNE: Given any increase in revenues over any particular situation you would have a choice between, say, extending the Canadian content of your



existing programme service or extending the length of time of your programme service, to give two specific examples?

MR. DUNTON: Yes.

(Page 185 follows)





COMMISSIONER STEWART: Might I interject a question? Are all other programmes, news programmes, religious programmes and controversial subjects open for sponsorship?

MR. DUNTON: Pretty well, I cannot think of others in that category that would not be open for sponsorship. I am reminded of political, I included that in opinion broadcasts. In general, all other are too. Again, there is one public interest factor, because there are some programmes we feel should be included in the national service, discussion programmes, which otherwise the advertisers would not be very interested in.

MR. COYNE: I understand some of the material you file in your present English network service, approximately 50 per cent is sustaining and 50 per cent commercial?

MR. DUNTON: Yes, in rough terms.

MR. COYNE: What are the considerations that determine this proportion, why can't you increase the commercial programmes 50 per cent, instead of say, 75 or 25?

MR. DUNTON: It follows from my answer to Mr. Stewart, apart from certain categories, which we think as a matter of policy not to open for sponsorship, we would welcome sponsorship for most programmes. First, I think all the imported, or practically all the imported programmes, are imported, with a few exceptions, are for a sponsor. Any advertiser who associates with a Canadian programme, that becomes, to a large extent, a matter of cost. As I pointed out this morning, advertising costs are even more



when we make the available charge. With Canadian productions, as with imported programmes, there are a number of programmes that associate themselves with, and they are in a reserve category, they are the type of programme we think should be on the air, and would not interest sponsors very much.

MR. COYNE: But, within the limitation of programmes such as new broadcasts, political broadcasts, which aren't open to sponsorship, do you seek out what commercial business that is offering or is there, or is there some limitation that you impose upon the level of commercial activity?

MR. DUNTON: I see what you mean. In television we have put on no limits. We haven't said, no more than 50 per cent, or more than 60. We would be very happy, from a financial standpoint, if advertisers were associating themselves with present Canadian productions.

MR. COYNE: This 50 per cent basis you operate on at the present time, is really not a firm percentage, just an accident?

MR. DUNTON: Yes.

MR. COYNE: What about your local stations, as distinguished from your network organization?

MR. DUNTON: Again, there is no limitation by percentage or figure. Rather, the individual stations have to carry, pretty much, the full national service, in general terms. That doesn't leave them with too much time apart from that. All of them carry quite a bit of commercial business over spot announce-





ments or syndicated film. And we get a very large proportion of our revenue from that type of operation.

MR. COYNE: Again, speaking generally, follow-on that subject, is there any difference with your policy, or what is the difference in your policy with television with regard to your policy with radio?

MR. DUNTON: The chief question is non-network business. Some particular stations, where there are no private station or future programmes---in general terms we do not take the non-network commercial business in sound. In television we do. We get quite a bit of revenue from non-network business, which is a remunerative kind of commercial business in Canadian broadcasting.

MR. COYNE: The result of that policy in radio, you limit the extent to which you solicit commercial business in the radio field?

MR. DUNTON: Very highly, in general terms. Apart from some instances we don't go for the non-network business where the big money lies in Canadian broadcasting.

COMMISSIONER STEWART: Does that lie in the history of Canadian broadcasting?

MR. DUNTON: It lies in the general history of the service, since when the service started up private stations were in existence. In reference to the development of sound broadcasting, the Corporation was not so pressed for money that it could carry out its job in concentrating on network business in radio, and not concentrate on local business, leaving that to the private stations.



THE CHAIRMAN: Do I understand that in the general policy the C.B.C. leaves non-network business to the private stations?

MR. DUNTON: In general.

THE CHAIRMAN: In general?

MR. DUNTON: Yes.

MR. COYNE: Now, you referred a moment ago, speaking of television, to the fact that it has not been possible to, in general, for advertisers, for you to persuade advertisers to meet the full cost of production of Canadian programmes. I take it, that is simply a question that relates from the high cost of producing such programmes?

MR. DUNTON: I think I was trying to explain this morning this factor of the whole operation of advertisers in Canada. That means, if an advertiser is going to pay the full network time cost of a programme and in addition pay the full amount of production, he find the cost gets too high for the advertising value he gets out the message, the number of people he can get to.

MR. COYNE: Does it happen, do you ever offer your programmes at a price which recoups your full cost of production?

MR. DUNTON: We try, we are available any time under those circumstances, What happened is, the situation right in the beginning, in the first place, most advertisers would say, "We simply won't do business on that basis." Secondly, they would say, "We can do our job very nicely, bringing in such and such an American





programme.

MR. COYNE: Supposing you say, "We wont allow you to do that business."? You have the power to say whether an advertiser, or anyone for that matter, can bring in a programme?

MR. DUNTON: We have come close to it, our persuasion has been very heavy with some advertisers.

Another practise, in some large firms operating here, wanted to bring in an American programme or broadcast from the parent firm. We have said, "All right, you can bring that in if you also associate yourself with a Canadian production and pay a good share of producing that programme." That is the sort of thing we are suggesting. We can, however, in theory say, Canadian advertisers can associate themselves only with Canadian programmes. I think that is pretty rough. In the first place, it would be taking away from the Canadian public a number of American programmes they want to see. I don't think we would do that too much. What we try to do is impose a reasonable balance, two Canadian programmes and two American programmes, trying to draw a certain amount to Canadian programmes.

MR. COYNE: Does the relatively low cost at which these U.S. programmes are available today, to which you referred this morning, does that directly affect the price you can charge for a Canadian programme?

MR. DUNTON: Certainly, it affects it in general, because the advertiser has always that alternative of using that American programme, unless we



force him to do it. We have tried not to go that far. As I have said, we have come close to that heavy persuasion on advertisers to associate themselves with Canadian ones, but having the power to use by any means an American programme.

COMMISSIONER STEWART: I think, in view of remarks this morning, Mr. Dunton, the owners of the United States stations do not always get the profit?

MR. DUNTON: Yes, especially with some of their finer programmes, we know they don't get their costs back from the sponsors directly associating themselves with those productions.

COMMISSIONER STEWART: So, your position is not peculiar to the C.B.C.?

MR. DUNTON: No.

COMMISSIONER STEWART: Could I go one step further than that, using the words I think you used this morning, the U.S. stations do not always get their production costs back. Do I take it from that, the stations themselves lose the production costs or do individuals producing programmes which they sell to the stations?

MR. DUNTON: In the United States both takes place, on the network, some outside the network, and some of the very successful shows, an increasing number of successful shows in the last few years have been network shows.

MR. COYNE: That is produced by the network, the same way you produce shows in this country for the C.B.C.?

THE CHAIRMAN: It would be a rather funny instance, if by mistake a producer would not get his pro-





duction costs back.

MR. DUNTON: One way or another. There may be some of these big shows that don't pay and the network shall pay more than they get back. But certainly the interpreneur would get it back.

MR. COYNE: Has the C.B.C. ever commissioned the production of a private production?

MR. DUNTON: Yes, in film form we have. There should be a further development, and we would like to see a further development. If you call it a commission, we were working with some one producing programmes that might be, with some assistance by us, exported.

MR. COYNE: Would an arrangement like that require financial assistance from the C.B.C. or is there the scope for private productions in such a field?

MR. DUNTON: Whether it would be a subsidy, if we are satisfied we might buy the Canadian rights, which might be enough for the producer to take a chance of recovering further costs on export, or sharing the cost with an outside producer, of course, sharing the production: I don't know if you can call that a subsidy or not.

THE CHAIRMAN: We are talking now particularly about film?

MR. DUNTON: Yes, programmes on film.

THE CHAIRMAN: Is there any private enterprise active in the production of live shows for which you might go out and buy a live show?

MR. DUNTON: No, there are no facilities, apart from some private stations. As a matter of police we are



glad to discuss the using of private production. There is one on the French network, for instance, a production in a French station, and we are paying part of the production cost. We have had some good contributions to the network, one from the London station last Christmas.

MR. COYNE: Are you in a position to use, where you can---

MR. DUNTON: What is that?

MR. COYNE: From private stations or private sources?

MR. DUNTON: I don't know if it is a question, if we can, it is a question of the private stations. It is more or less syndicated film, or more of a local appeal right from the local point of view, but not usually suitable for generally wider network use.

THE CHAIRMAN: Going back to some of Mr. Stewart's questions, perhaps, to amplify it a little bit. You did mention in certain cases American sponsored programmes didn't pay the full cost of production. It would probably be correct that the proportion of times that that happened in Canada is much higher than in the United States?

MR. DUNTON: Much higher.

THE CHAIRMAN: And basically, now, it happens if a individual sponsor, a buyer of a C.B.C. production, whether Imperial Tobacco, General Motors or Ford, or anyone else, they don't pay the full cost of production, in general?

MR. DUNTON: We put it on the air, we get money for their name, an advertisers message being associated with it.





COMMISSIONER STEWART: May I go one step further? Would you permit one of those advertisers to produce their own show and pay you network charges?

MR. DUNTON: Depends where they would get the production.

COMMISSIONER STEWART: You would not be against it?

MR. DUNTON: Not as a matter of policy.

THE CHAIRMAN: You would reserve the right to look at the quality of the show?

MR. DUNTON: Yes, we have that right, any production on our facilities has to remain under our control. If an advertiser wishes to produce it, then we would be glad to look at it.

THE CHAIRMAN: Mr. Coyne, is that a convenient point?

MR. COYNE: Yes.

THE CHAIRMAN: I think we will resume at 10 o'clock tomorrow morning.

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2

ROYAL COMMISSION

ON

BROADCASTING

HEARINGS

HELD AT

OTTAWA, ONT.

MAY 1, 1956

v. 2.





ROYAL COMMISSION ON BROADCASTING

Ottawa, Ontario,  
May 1, 1956

---Upon resuming at 10.00 a.m.

PRESENT:

THE CHAIRMAN

ROBERT M. FOWLER

COMMISSIONER

EDMOND TURCOTTE

COMMISSIONER

JAMES STEWART

- - - -

COMMISSION COUNSEL

JOHN M. COYNE  
A. J. deGRANDPRE

- - - -

SECRETARY

PAUL PELLETIER

- - - -

APPEARANCE:

A. D. Dunton

Chairman, Board of Governors  
of the Canadian Broadcasting  
Corporation

- - - -

THE CHAIRMAN: . I think I should probably repeat what I said yesterday, and perhaps should repeat it every day, that any questions we ask are only to get information and the views of the witness before us. They do not represent any conclusion of the Commission, not even a tentative conclusion. After all, we can only examine one witness at a time, and we will deal with the witness before us. One thing about the manner of questioning; this is a new court room, but it is not the easiest one in the world to be heard in, and it may be that those at the back of the room were not hearing



yesterday everything that was said, partly because of the way in which counsel and witness were talking to each other. So, will you try to keep your voices up. Once again, Mr. Dunton, I want you to feel free, and any other witness to feel free, to take time to consider any question if you wish it and to consult your associates, and no one will think for a moment that you do not know the answer or that you are being evasive if you ask for such time.

Will you go on now, Mr. Coyne?

MR. COYNE: Mr. Dunton, turning to the top of page 11 of your main brief, which is Exhibit No. 2, where you are speaking of the amount that advertisers pay in connection with sponsored network programmes, you mention "network station rates"; could you tell us what network station rates are and how they are computed?

MR. DUNTON: There is a memorandum on it.

MR. COYNE: I was going to refer to it. It is Exhibit 11, and it is headed, "Radio and Television Rates", is it?

MR. DUNTON: Yes. Referring to that and to the television network rate card, you will see the charges for the network are made up of individual charges for individual stations, which may be included in the network for a particular programme. These are rates worked out between the network and the private station, with the network, as in the United States, not necessarily completely accepting what the individual affiliate station wishes. In





practice these have been worked out in Canada with very close consultation between the private stations and the CBC and agreement between them on a very general schedule of rates related to the television audience served by the station.

MR. COYNE: None the less, these rates are determined by the network?

MR. DUNTON: No. As I said, they are determined in consultation with the affiliates.

MR. COYNE: But in the case of a dispute?

MR. DUNTON: In the case of a dispute the network would have to have the final say in what the network charge for an individual station would be, yes, -- as in the United States.

MR. COYNE: In the United States the situation is exactly the same?

MR. DUNTON: Yes.

MR. COYNE: Could you tell us how the network station rates compare with -- what do you call them -- the ordinary station rates?

MR. DUNTON: Individual station rates. In general, individual station rates on both private and CBC stations are a little higher. The same applies in the United States where there is often even more divergency than here. The network as an entity, the network organization and its affiliates is trying to sell to the affiliates a large whole-sale package; in effect, coverage of the whole country, so the rates for any one particular station may be a little lower than if the station



is being sold on an individual or selective basis.

MR. COYNE: In this volume Exhibit 11, which I think you have in front of you now, and turning to the beginning of the book where you are dealing with radio rates, you describe radio network rates and various discounts and you say in the fourth paragraph, "The radio network rates and the above application of discounts were established in 1937"; does that mean that these network rates that we have been speaking of are the same as they were in 1937?

MR. DUNTON: No. That probably should have read, "The system of network rates", and, "The system of discounts". I think probably the discount system is pretty much the same -- probably some slight variation since then. There have been some very considerable changes in the rates since 1937.

MR. COYNE: The rates are adjusted from time to time?

MR. DUNTON: Yes; in television they have been adjusted very rapidly.

MR. COYNE: And the adjustments tend upward, I imagine?

MR. DUNTON: Very much so.

MR. COYNE: When you say that the network station rates tend to be lower than the individual station rates, is there any pattern there? In other words, is the network station rate a percentage of the individual station rate?

MR. DUNTON: No. As I explained, for television, as I said, the CBC and private stations





in consultation have worked out a pattern of rates, a relationship between the network rates for stations and the audience served by a station -- the number of television sets in the area served by the station. That is a general pattern which applies across the country, and as the television audience for a particular station grows, then its network rate almost automatically has to be higher. A station in setting its own selective rate is completely free in so far as what it charges. It is dependent on the judgment of the management. I would say in general across the country I think in television they are a little higher. You have to remember that when an advertiser is buying a network there are other charges in addition to the station time. As you see from the rate card, there are also communication charges or microwave charges or television recording charges.

MR. COYNE: I wanted to ask you something about that. For example, in this tabulation -- I am still looking at radio, but I assume the general pattern of the system is the same?

MR. DUNTON: Yes.

MR. COYNE: In your tabulation on page 4 of this Exhibit 11, where you are illustrating the situation on a one-hour programme direct from a United States network over the Trans-Canada network, you add up the total of the station times and then take off a frequency discount, and then a regional discount, and then you add an item for wire line charges of \$316.50; how is that charged worked out?



MR. DUNTON: It is according to the rate card too. You will find the Trans-Canada network rate is at the bottom.

MR. COYNE: I didn't mean that, quite. I meant, do you charge for wire line connections on the basis of the cost of that wire line service?

MR. DUNTON: CBC has to calculate that. As we explained yesterday, we buy wire line service or microwave network service wholesale for years at a time, and then when we, in a sense, retail it or make charges for specific uses of it for, say, a half-hour period, we get in general terms what we think the traffic will bear. It will be higher in most cases than, say, that half-hour divided into the total cost of the network -- higher than that proportion. But it is what is felt is a fair and reasonable charge considering it is on an individual basis where we have to buy and commit for the service for hours a day over a number of years.

MR. COYNE: Well, then, in a sense you try to make a profit out of your inter-connection?

MR. DUNTON: We don't put it quite that way. We try to see the amounts paid by advertisers make a reasonable contribution to the cost of wire lines and microwave service.

THE CHAIRMAN: Mr. Dunton, you say you charge what the traffic will bear in a general way. What I would like to know is, does the traffic bear enough to repay you over all for your transmission charges?

MR. DUNTON: No, it does not, not the





revenue of commercial advertising by any means. It makes a reasonable contribution to our total cost, but, after all, these microwaves and wire lines are for a great deal of time not carrying --

THE CHAIRMAN: I put my question wrong. Does what the traffic will bear compensate you for the portion of the time that commercial programmes are being transmitted?

MR. DUNTON: Yes, we think it does.

MR. STEWART: In reply to a question by Mr. Coyne I think you said that you set your network charges to each station according to the number of television sets or radio sets in the area?

MR. DUNTON: Yes.

MR. STEWART: How do you take a census of the number of television and radio sets in particular areas?

MR. DUNTON: That is always a subject for discussion among people engaged in television -- the private stations and ourselves -- and they have to be estimates. There are various figures available in the country. In television there have been figures available from the manufacturers who have kept and published figures of television set sales by areas, and some estimates can be based on those. The Bureau of Statistics has figures on television sets. The Bureau of Broadcast Measurement, which is used by some, has made some estimates. There are so many things in broadcasting, it is not exact.

MR. STEWART: But you are reasonably sure?

MR. DUNTON: Yes. If you ask most



stations they will give you a pretty good estimate of what they think their audience is.

MR. COYNE: After arriving at these network station rates, I understand that only a portion of the amount determined according to those rates is actually paid to the affiliated stations, and it seems to vary: for example, in radio I gather it is 50 per cent of the station rate after deduction of frequency discount, and in television it is 50 per cent of their card rate after frequency discount in live Canadian programmes, and 60 per cent of network card rate after frequency discount on imported film programmes, and 30 per cent of gross station rate in the U.S.A. network programmes. Could you explain to us in general terms why the difference in the amount or proportion of the rate that the private station receives?

MR. DUNTON: In general terms they get a larger proportion on Canadian programmes because there is more available to the Canadian System as a whole. In the case of the American programmes -- and I am speaking now of television -- a very large piece goes to the American network and, in effect, in television almost all the net in respect of an individual private station goes to the station. As a rule they average about 30 per cent of the gross time rate. The CBC, depending on how the discounts are worked, could be left with somewhere around 2 or 3 per cent on shows coming from an American network.

MR. COYNE: That is, if you take the gross station time attributable to the private stations and





deduct the various discounts and commissions which have to be paid in respect of U.S. network programmes, there is only about 2 per cent left over for the network?

MR. DUNTON: Yes, 2 or 3 per cent. It will vary chiefly on account of how the regional discount is worked on that particular show.

THE CHAIRMAN: That is, 2 or 3 per cent to CBC?

MR. DUNTON: Yes, of the gross amount -- the original gross amount.

MR. COYNE: That is, after the affiliated station has received 30 per cent of their gross rate?

MR. DUNTON: Yes.

MR. COYNE: On imported film programmes they receive 60 per cent on their gross rate after frequency discount?

MR. DUNTON: Because in that case there is no cut going to an American network organization. The CBC network is able to carry that without this portion going to the American network, therefore more is available to the Canadian System as a whole, and therefore it has been thought only fair, in discussion with the affiliates, they should get a considerably higher proportion of the money in respect of a programme of that sort. This has been worked out through a lot of negotiations and discussions between the CBC and affiliates. In general the CBC does not try to deal with non-network shows by private stations. In general they will be handled



directly between the agent and the station. It is thought good sense with respect to certain imported shows available on film, that it did make good practical sense for the CBC to carry them and put them on the network, but then for the stations to get a higher rate more in line with the net they would have had if they had taken the show directly themselves on an individual station basis.

MR. COYNE: When you say more in line, you mean related to what they would have netted if they had brought that in themselves and carried that programme direct?

MR. DUNTON: Yes.

THE CHAIRMAN: I suspect my questions will only go to show my ignorance, but does this mean, this 2 per cent on these items brought in from the States, and the 30 and 60 -- 60 was for the recorded programme, wasn't it, Mr. Coyne?

MR. COYNE: Yes.

THE CHAIRMAN: And 30 is for the live?

MR. DUNTON: The live.

THE CHAIRMAN: Does that mean that to the private stations there is a heavy incentive in favour of bringing in film programme rather than live programme?

MR. DUNTON: Very much so. Whether coming on the network, or taking it live, the really profitable part of commercial broadcasting in Canada for private stations or the CBC are spot announcements and programmes coming in by film. That is where the real good cash income lies.





THE CHAIRMAN: But there is a constant profit incentive directed towards the canned type of programme?

MR. DUNTON: Yes.

MR. COYNE: Applying that to the network, as far as the stations affiliated with your network are concerned, it is worth their while to try to persuade you to bring in film programmes?

MR. DUNTON: Yes, but the persuasion doesn't run very high, because that has always been the particular field of the stations themselves. In fact, I don't think they would like to see the network going too far on that. Those things have been discussed, and it would be a very good idea if the network did not carry certain of those programmes. Our activity is more in the production and handling of Canadian live material and of programmes coming directly from America. We don't know how television is going to develop. If there were more available on film it would probably make good sense if more were carried on the network.

THE CHAIRMAN: But this would be left entirely to commercial profit-making motives -- the almost irresistible forces would be in favour of taking canned programmes?

MR. DUNTON: They are, except -- and there are no absolutes in this, because on the other hand so many of the really big programmes are live or coming straight from the network, and while there may be a greater cash income from the canned programme, there is the greater audience attraction in one of the big network programmes coming in live. I think



I should emphasize that even in the United States the really profitable side of broadcasting is not a network operation. It is an individual station operation. The American networks don't publish their detailed figures, but we know on the whole they don't make much profit, and probably in a number of years in television have not made any profit in operating networks, but their profits have come in through the operating of their own stations. In doing that and in building up the organization you want the big programmes that develop television and the reputation of a network and the stations connected with it.

MR. COYNE: You anticipated my question. Why in a purely commercial system, if you can call it that, why is there this emphasis on network production at all? Is it purely a matter of prestige?

MR. DUNTON: It is not so much prestige as the development of television as a whole. I think the big network organizations in the States have done an enormous amount to develop television as a medium. In the first years they were not making money from their networks, but in doing that they were building up the whole business of television.

MR. COYNE: So that there were sizeable indirect benefits in this network activity even though in itself it didn't return much profit, if any?

MR. DUNTON: Yes.

MR. COYNE: Would you tell us something about why in the case of radio programmes coming from the U.S.A. networks you only have to pay them a 15 per





cent commission whereas in the case of television programmes you would pay them 50 per cent?

MR. DUNTON: At the time we were innocent. A few years ago we thought we would get the same deal on television as on radio, but we got a rude shock. When television started we went down and talked to the American networks and they used some of the same kind of language we have been using here: television is an expensive thing and quite different from radio, and you will need large revenues, and the cut is going to be different on television. We had four months of heavy bargaining and finally came out with the present arrangement. This was the result of a compromise because, as I say, for four months we would not take any American programmes. This was the best deal we could get.

MR. COYNE: Is that deal the same with all the networks?

MR. DUNTON: Yes.

MR. COYNE: And the position is, as far as they are concerned, "If you don't pay us this amount of money you won't have our programmes"?

MR. DUNTON: That was very definitely put.

MR. COYNE: I suppose arising out of what you have said about network broadcasting and its relative unprofitability as compared with spot broadcasting, and looking at the CBC's revenues as a whole -- and this is perhaps a purely academic proposition, but it may clarify it -- if you reduced your network broadcasting and increased spot broad-





casting on your individual stations, your revenues would improve?

MR. DUNTON: Certainly. As I said yesterday, the CBC could operate at a commercial profit, but not running a big network across Canada. It could run existing stations largely with canned material and some American, and make a profit.

MR. STEWART: You don't seek commercial advertising on individual stations; you operate as a network?

MR. DUNTON: Yes. In radio we don't but in television we do carry a lot of individual stations.

MR. COYNE: Turning to a related subject, could you tell us something about how these networks are built up; that is, is the question of joining the network a matter of negotiation between the CBC and the station, or is it a matter of licence, or is it a matter of compulsion?

MR. DUNTON: Radio or television?

MR. COYNE: Well, start with television.

MR. DUNTON: With television the principle was laid down allied to the licensing policy that for any station established in Canada the CBC would be, in effect, under an obligation to supply service to it, and the station would be under an obligation in a general way to carry the service. So, it has gone ahead on that basis. On the other hand, I haven't heard any suggestion of any station wanting to start in Canada that has not wanted the network service. So, I would say the question is, I think, rather academic, but I think most private television stations



regard the network service as extremely important to them, but the obligation is two ways. As it stands at the present time it is understood if another station is established any place in Canada the CBC has an obligation to provide national service to it. That is a consideration to be taken in the recommendations as to whether the stations should be established or not,

MR. COYNE: You speak of obligations, but how are these obligations reflected in legal or regulatory provisions? In other words, suppose a private station in some location wanted to get out of being part of your network?

MR. DUNTON: That may come up. Again, as far as we are concerned, it is a hypothetical question. We haven't yet either in radio or television had a station ask to drop out of the network. Supposing it did happen; the Corporation would have to consider the situation; would it let the station drop out, and let the people in that area have no national service? It may have to decide that a Corporation station go in there so that the people could have a national service. The Corporation under its powers would have to take the responsibility of deciding whether the station would have to continue to take some of the national service or not.

MR. COYNE: At the moment all your stations are part of one or other of your networks?

MR. DUNTON: Yes.

MR. COYNE: How did they get that way? When





they were first licensed was it a condition of their licence that they should be part of your service?

MR. DUNTON: Yes, it is understood when they first apply, they are asked if they want to form part of the national system.

MR. COYNE: You say it is understood, but is it a condition of the actual licence?

MR. DUNTON: I cannot say if it is actually legally in the form on the licence or not. It certainly is in the application they make; they are asked if they want to be part of the national system or to be affiliated with it, and most of them are enthusiastic and say they do want to be part of it.

(Page 220 follows)



The mutual obligation starts as from then. In other words, the CBC would be wrong on that basis to recommend a station, under present circumstances in Canada, unless it would be capable of supplying service to it, so what happens now when an applicant comes up, he says he wants to be part of the National System, usually there is a good deal of enthusiasm. Discussions start between him and the CBC about television recording, rates, how much money he may get from commercial records, how much service we can supply to the station, and so on.

THE CHAIRMAN: But the new station is not licensed as part of a network?

MR. DUNTON: Legally the licence is a thing put out by the Department of Transport to operate on a certain form, and I do not think the actual licence contains that, but it is implicit in the understanding of the applicant.

MR. COYNE: There is nothing in law to prevent the station in Windsor or some place like that just turning off the tap?

MR. DUNTON: Yes, Section 21(a) of the Canadian Broadcasting Corporation Act, if we say he has to carry CBC programmes he has to. I might say, sometimes there is a misunderstanding about a matter of ten and a half hours; that was raised when television was starting. Prospective applicants came to us not on the terms of what you are going to give us or make us carry but what you can supply to us, and we told the stations then we were a little





uncertain how things would go but we said we would guarantee to provide a minimum of ten and a half hours' service. As you know, we supply much more than that now.

MR. COYNE: You have stated that in broadcasting the prospective applicants are not asked as to whether they are prepared to serve as part of the national service, invariably they have said yes as a matter of practice.

MR. DUNTON: Generally, I cannot think of anybody at the moment who has not.

MR. COYNE: Supposing someone came up and answered that question "No"?

MR. DUNTON: Under the present structure of the system?

MR. COYNE: Yes.

MR. DUNTON: The Board of Governors would consider very carefully as to whether it should recommend the use of a channel in a certain area of Canada to a man who did not want to bring national service to that area, and probably would not recommend it.

MR. COYNE: Despite what he says, under your powers under 21 and 22 you could order him to take the service, anyway?

MR. DUNTON: Yes, we could, but we are reasonable human beings and we prefer to work with understanding in the Canadian system, and in general terms we like to have a reasonable arrangement rather than an order.

MR. COYNE: But this has never arisen.



MR. DUNTON: No, but if you came along for a certain area and said that, there would probably be another applicant come along who would be glad to have the national service.

MR. COYNE: May we turn to radio now --

THE CHAIRMAN: Before we leave television, you have been discussing the addition of new television stations as part of the national service, whether it is the network or any other way, part of the overall national service, but what about the question of new T.V. stations which might not form part of the national system in the same way as I understand there are radio stations today that do not form part of the national system? At page 42 of your main memorandum you do say in dealing with the question of second stations, you say:

"Any second stations licensed in some of the big Canadian market areas will have little trouble in paying their way; indeed they should be able to make a great deal of money -- broadcasting mainly imported programmes."

Now, you do point out that any such step as this would involve losses and costs to the CBC, and what I want to ask is, has the CBC ever -- this is theoretical, I know it has not actually happened yet -- but have you ever considered the possibility of making these new stations, who would be making a lot of money, you say, pay enough to recoup the losses to CBC? This is a franchise, after all, and there is nothing new in charging the franchise fee and





if the fee were raised the station would not be making exorbitant profits and you could control this and CBC would not be worse off, in fact it might be better off. If you made a good deal the public would have a choice of programmes and there would be a healthy competition.

MR. DUNTON: Mr. Chairman, this is hypothetical because under the present licensing policy of the Government we do not even get such applicants, the Department of Transport simply saves people time and money by not accepting them for any area served by any station of the CBC, but you are going further.

THE CHAIRMAN: I think we must: we are looking at this whole radio policy.

MR. DUNTON: The possibility of some means of extracting from such second stations to channel the System, I do not think we have ever considered this. It is a hard thing to do work in broadcasting which would mean starting at this point; it has always been done and generally understood that anyone who gets a licence to use an air channel owes a responsibility in general form to the public to do good broadcasting, but surely it would be a difficult situation if a man gets a licence and has a chance to make money but then the State in some way turns around and says, "We are going to take away some of your operating income and give it to the CBC to help with the National Service."

THE CHAIRMAN: If the State gives a franchise it charges a fee for that franchise?



MR. DUNTON: It has a right to, and the State could, but I would point out some considerations. One is, the operator of that station would undoubtedly say that if he has to pay so much for the franchise in some way or other it is harder for him to do good local service or good Canadian programming; it will be all the harder to get the revenues. I suggest it would not be easy to put the deal in specific terms except so far as it may be in terms of money, to a certain percentage of his income or a certain fixed charge a year, a really high transmitting licence fee.

THE CHAIRMAN: Is this not something like what they have done with the ITA in England, they have laid down certain standards -- I do not want to get into details, it is very different -- but in England they have laid down standards for their programmes in order to maintain a reasonable quality of programme.

MR. DUNTON: I might say, it might sound strange, but I think our Board has not very great faith in what you can do to obtain good broadcasting through written regulations. We do not think you can put it down in paragraphs and apply it by any form of regulatory power that as a result you get good broadcasting. I think it is too hard a thing to define and far too bare a thing. The ITA are a public authority with leases for a period of years, transmitting stations to provide broadcasts, and they have special rules under which they are acting. I do not want to comment on other people's affairs too much, but our experience is, as





I say, by essays or written regulations it is very difficult to define what good broadcasting is.

THE CHAIRMAN: You mean the business of maintaining standards of these hypothetical private stations and T.V. would involve somebody, whether the CBC or somebody else, in detailed directives and controls all written down and that would lead inescapably, I suppose, to a pretty large amount of friction.

MR. DUNTON: I think the CBC is certainly not particularly interested in detailed controls and direction of other people's activities. We think essentially good broadcasting comes from the exercise of a sense of responsibility by broadcasters who do their best within their means. I think you first have to face the means and circumstances under which such stations would be operated. We have suggested on the face of it they could probably make a lot of money using mostly imported programmes and some local ones, and I think if they were forced by some arrangement or other to maintain the station carrying Canadian programming, I think they would not be able to operate, they would have great difficulty in doing it. How a person not responsible for the operation could go in and give detailed directions as to what kind of programme they could show or could not show, I think the experience of broadcasting around the world shows that bodies who are not responsible but try to tell somebody else what to do to obtain good programming have not been very successful.

MR. COYNE: Mr. Dunton, I would like to turn



now to the Canadian networks and ask the same thing about basic and supplementary stations, but before doing so would it be correct to say that by analogy, in the television network all the stations are basic and in radio --

MR. DUNTON: In radio there are certain stations basic, that is for commercial purposes they are must stations, if there is an advertiser buying some of the network he has to buy the must stations; however, supplementaries can be added if the sponsor wants to pay more for it. In television, arising from early discussions with the television affiliates, we laid down no rigid rule that any station would be completely must stations, that an advertiser, if he took anything, absolutely had to take them all. It would successfully work for the CBC to see that sponsors take over stations through heavy discounts which the CBC absorbs, and it tries to see that all good commercial shows do go on all the stations, but there are no basic and supplementary stations and so forth. That is a very important question and I think advertisers are beginning to say, "Let us have some basic stations and choose whether we take the others." That poses a problem for the whole system, especially with some of the Canadian programmes into which public money is going. It might possibly be that an advertiser would take some of the big markets in Canada and not take the programme out to where it is very much wanted, Northern Ontario or Manitoba or other areas. Our belief is that we should do all we can to get any programme going on the network to all stations.





Then, there are problems facing us arising from the growth of the system.

MR. COYNE: I can see the problem, all right, and from a programming point of view you feel it should go out that way if it is a good programme, but the sponsor must follow along, paying for such an extended coverage?

MR. DUNTON: Right.

MR. COYNE: At the moment, what happens, who determines the extent of the network, do you or does the sponsor?

MR. DUNTON: The sponsors do, but our management will put very heavy pressure on a sponsor to take the whole network, starting with, as you see from the structural regional discounts, the sponsors gets heavy discounts for taking the whole of a region, for taking all the stations, discounts absorbed from the CBC's operation. That is the sponsor's first inducement, and then other general forms of inducement, but officially it is the man who pays who has the say.

MR. COYNE: That is, if a man wanted Montreal, Toronto, Winnipeg and Vancouver and resisted your blandishments, he could have them?

MR. DUNTON: Not necessarily, because we might have another sponsor who would take it.

MR. STEWART: Could you have one sponsor in Toronto and Montreal and another in Winnipeg and Vancouver, a multiple sponsor?

MR. DUNTON: Oh, yes.

MR. COYNE: Would you describe the radio



situation that is in the radio networks and how it develops?

MR. DUNTON: I tried to a few days ago. In radio there are a number of stations, our basic --

MR. COYNE: What is a basic station?

MR. DUNTON: A station a sponsor must take if he is taking anything.

MR. COYNE: Is that all it means; has it only a relationship to commercial programmes?

MR. DUNTON: Yes, and usually there is also a relationship for basic stations, a right to a higher amount of reserve time for non-commercial programmes.

MR. COYNE: Well now, speaking of reserve time, which I gather is time which the affiliated stations are obligated to keep open for your programmes?

MR. DUNTON: Oh, right.

MR. COYNE: I am talking of radio -- yes?

MR. DUNTON: Yes

MR. COYNE: Is that reserve time only for sustaining programmes?

MR. DUNTON: It is a curious development through history; years ago in the Trans-Canada network there was reserved time laid down, a fairly generous pattern and some very popular commercials began to go in on reserved time, covering what all the affiliates want to have. The Dominion network through the years has had a simplified pattern, keeping reserved time for sustaining periods.

MR. COYNE: Well now, just to complete the picture what are supplementary A and supplementary B





stations?

MR. DUNTON: Supplementary A service, the Corporation has a programme in connection and all sustaining programmes are available to the station and then their commercial programmes are added. If they have a particular sponsor who wishes it added they have it for him and usually pay a lower amount.

MR. COYNE: In those circumstances, if the sponsor wants to add a supplementary A station the station is obligated to carry the commercial programme?

MR. DUNTON: No, not always, if it does not want to certainly it does not have to.

MR. COYNE: What about supplementary B?

MR. DUNTON: In supplementary B the Corporation has no programme connection, but we will make a connection if sponsors want to pay the additional charges involved.

MR. COYNE: Again, if the sponsor wants to add this station and pay the charges, the station can still say no?

MR. DUNTON: Certainly.

MR. COYNE: Well now, just dealing with this question of networks, you have another volume, No. 6, Exhibit No. 5, headed "Canadian Radio and Television Networks", and it contains a great deal of information about the network programmes. Under the white tab "Programme Statistics", on about the third page, you have a summary of Trans-Canada network broadcasting in the week of January 8th to 14th, 1956. It shows during that week Trans-



Canada network produced a total of 297 hours of programming, of which 274, or 92 per cent, were sustaining and 22 hours or  $7\frac{1}{2}$  per cent were commercial. Now, as I understand the Trans-Canada network, it is on 16 hours each week day and 15 hours on Sunday?

MR. DUNTON: That is right.

MR. COYNE: Which is 111 hours. Now, there is a simple answer to this, but I would like you to give it. You show 297 hours of programming produced and the network is on the air for 111 hours.

MR. DUNTON: One of the troubles with statistics and the answer, of course, is that part of the Trans-Canada network may be carrying one programme, largely because of time differentials, and another part of the network another programme.

MR. COYNE: The figures here, does that mean, for example, in British Columbia the Trans-Canada station there may be carrying one programme and in Nova Scotia at the same time they may be carrying another programme?

MR. DUNTON: You must remember there are six different time zones in this country, five and a half hours between one end of the network and the other, so there has to be a great deal of variation at any given moment in what the network is really carrying.

MR. COYNE: Now, under the tab "Reserve Time", you give a list and the amount of reserved time on the Trans-Canada network in the various regions, and it varies from one region to another, but it is approximately 11 hours a week?





MR. DUNTON: Yes.

MR. COYNE: Now, does that mean that out of the 111 hours that this network is on the air in a week, the affiliated stations on that network only have to take 11 hours' programming?

MR. DUNTON: That would be about it formally and legally, but there are some other programmes which are possibly on stations after a good deal of persuasion and in many cases they very likely carry them if they feel they are useful. I do not think school broadcasts are in the reserved time, but most stations are quite willing to carry them. It is one of many things in broadcasting, the formal statement does not cover at all times, and, in fact, a great many stations carry quite a lot of these programmes; in the first place, they carry a lot more programmes than this, and I hope with a good deal of persuasion from the CBC with particular programmes which may be outside of the formal reserved time.

MR. COYNE: It is still, nevertheless, on their option?

MR. DUNTON: Pretty well, apart from the formal reserved time they can say, "No, thanks".

MR. COYNE: If you assume a private station affiliated to the Trans-Canada network and it is a basic station, are there 111 hours a week of programmes going into that station by your line?

MR. DUNTON: Yes.

MR. COYNE: Whether that station actually uses them or not?





MR. DUNTON: Yes, of course, you understand most stations use far more than the reserved time.

MR. COYNE: Oh, I appreciate that. Why is it, that if there are stations, and there must be many where stations are not taking network programmes at some particular time, why do you, none the less, tape the programme in over the wire?

MR. DUNTON: In the first place, there is no difference in the charge; we have to contract for the network lines for a daily period for a period of years or months; therefore, there is no difference in the cost to us.

MR. COYNE: That is, your payments to the wire companies are based on a minimum period of time and you have to pay for it whether it is used or not?

MR. DUNTON: Exactly, that will be on the programme service in the supplementary A's. On the supplementary B's we pay for the particular programme, for a sustaining programme of special importance to be available to B's we would have to pay a specific amount of money for the wire connection.

MR. COYNE: But you would only pay that if the B station was carrying the programme?

MR. DUNTON: Yes.

MR. COYNE: In your programming, does it have any effect upon your thinking as to the different programmes you put on, as to whether or not a large number of stations are carrying these programmes?

MR. DUNTON: Yes, it is one thing that is looked at, one factor; there may be many others but



a discussion may come up as to whether the Dominion network can be continued or not on reserve time, one factor is seeing how many stations are interested in the programme.

MR. COYNE: So, its acceptability to the various stations in the network has some bearing on whether you continue the programme or change to another programme?

MR. DUNTON: Yes, it is a factor but by no means the determining factor.

THE CHAIRMAN: I wonder if I could ask you a question on the general broad relations, financial relations, between the CBC and the private stations? Yesterday we had some discussion about this, the financial relations between the CBC and the private stations, but particularly, I think, in the television field, and I think you pointed out that the private stations now get about 55 per cent of their broadcasts from the National service supplied by the CBC. Is that right?

MR. DUNTON: In a rough way, and an average.

THE CHAIRMAN: Then I think you also said that the rough average cost of that service was about \$100,000 per station?

MR. DUNTON: Only the cost of the average extra cost of adding a station.

THE CHAIRMAN: So, at least, it is \$100,000, the individual station share of this National service?

MR. DUNTON: No, that is the important part, that has nothing to do with the share, on an average,





when a new television station comes in in any area we know roughly the television will cost us about another \$100,000, simply for the extra service, the extra transportation to that station.

THE CHAIRMAN: Have you any information on what it costs the CBC to put this 55 per cent of the broadcast time into a private station through the National service?

MR. DUNTON: I think it would be very hard to break down because, looking at the map, the whole system across the country is both CBC and private stations, just one big system; I do not see how you could break the cost down into parts attributable to the CBC or private stations.

THE CHAIRMAN: The thing I am trying to get at is this, there is involved in this business of providing a national service programme a cost to the CBC, and, therefore, in the end, in some form, a cost to the Canadian public. Now, I understood you to say yesterday that you and the CBC regarded this in the sense as the price that you are paying for helping getting the national coverage to private stations. Now, I do not question the general wisdom of trying to get national coverage through private stations in this way, but I am wondering how we can find out whether the price you are paying is too much, are you making a fair bargain?

MR. DUNTON: It is difficult.

THE CHAIRMAN: Does this put the private stations in a position to make their large profits,



profits which are really based on hidden or disguised subsidy paid in the end out of public funds? I am only asking, how do we get at this?

MR. DUNTON: Our general arrangements with the stations have been worked out. We have in the background the responsibility and the authority, we have the opportunity to make these deals about rates and reserved time on a sensible basis with them on what we think was on the whole, fair and reasonable, and, therefore, we at the moment would not have anything to suggest about changing it.

THE CHAIRMAN: But on your rates and so on, you are talking about commercial rates and splitting of commercial rates, which is an added contribution and presumably you have worked it out by bargaining, but outside of all these commercial revenues, what I am saying is, from the point of view of the private station, they are getting this National service, you say you are giving them that National service

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THE CHAIRMAN: You say you are giving them that National service at no charge because you want to get National coverage? Now I am raising the issue as to whether or not there is involved in this a subsidy, for want of a better term, to the private stations; Whether you are giving them enough of this coverage on the other; but is there something in the financial relations between the C.B.C. and private stations which should lead either to greater service being given by the C.B.C. on the one hand or payment for services they are getting by private stations to the C.B.C. on the other?

MR. DUNTON: I don't think we can see any way because as I say under the circumstances we have tried to make reasonable arrangements. We couldn't suggest any basic change.

One possibility that came up yesterday would be that all the questions about this would be dropped; that the National system wouldn't be able to operate through its private stations, and it wouldn't arise, but surely while it does work through private stations it has to be a give and take proposition. That is common sense.

THE CHAIRMAN: When you are saying through private stations you can work in different ways. You can do as you are doing now, give them sustaining service for giving you the coverage. It would be equally possible for you to pay private stations to carry them. It would be equally possible for private stations to pay you for at least a portion of the programs which you are providing them with. It doesn't have to be kind of a practice to take your service and I mean take your coverage.





MR. DUNTON: Let us consider two possibilities:

One would be that we would pay them for carrying the service that could come up at some time. We are there to use funds available to us to the best advantage, and spend as little as we can. At the same time we have funds available for something else, but we don't think it is necessary now under the present circumstances.

THE CHAIRMAN: Obviously it is not necessary now.

MR. DUNTON: However there are many instances where we would like to see them carried on on other private stations. We would like to see them available to the public, but they don't get out because of the practical problems of the private stations. I think if one could persuade them by private stations - in other words if we paid the private stations and paid them pretty heavily, that would persuade them to take more programs than they had to carry it.

The other suggestion is they pay us for the sustaining service.

Again the other side of that is that they providing the transmitters, which costs them money to operate, and they are providing the means of getting a service to them. I think it would be fair enough to say that there are certain sustaining programs among stations they would be glad to have. If they had to pay for them their desire would correspondingly be reduced to a very heavy extent.

THE CHAIRMAN: The Vice-Chairman would like to say a word.

D.A. POULIOT: I think for instance there is a French speaking station in the West, St. Boniface, Saskatoon and Edmonton, and if it costs us that money it would



provide them with our programs for the National service, and they are anxious to get those stations.

THE CHAIRMAN: We are going to hear from that station I think later on.

MR. POULIOT: Yes sir.

THE CHAIRMAN: But, Mr. Dunton, I think you said that the private stations were in fact taking, and maybe I am getting mixed up with radio, they are taking more than they have to take in the - more than the basic amount then have to take, are they not?

MR. DUNTON: In general, yes. It varies a good deal.

THE CHAIRMAN: In other words it must be profitable for them to have this as part of their broadcasting program?

MR. DUNTON: It will vary a good deal. There is quite a lot of difference in different stations because of the amount they will have to carry. Generally the station that starts off wants to get every half hour they can, but as they stop and start some local work then they want to have more periods free for the profitable business, or more local time.

As we know in radio and private television as business gets better for private stations their interest in sustaining National service tends to reduce, so you find quite a variation among the stations in the country as to the amount of programming they will take, so I don't think it is profitable. It helps a station that has not as much other material available to it.





THE CHAIRMAN: The thing that is worrying me is this: We have not studied all this but we are always conscious of the fact any questions we are asking are being asked by naivette beginners at this game of two people who are experts, but this is a franchise and a private station. As the thing has grown up they are given their license by the Government to take one of these precious airways that you were talking about yesterday. The system has then gone on to provide them with a considerable portion of larger programs which from your point of view is to get National coverage, but from their point of view is a free supply of programs.

Now, that is costing money. You are worried about financial problems of the C.B.C. It is costing the C.B.C. money. Is it a good deal, or not? How do we find this out?

MR. DUNTON: We think it is a reasonable deal taking all the factors into account. We try to insist on what they take and what is available to them and what they decide not to take themselves. We think in practical terms it is a pretty reasonable balance because there are other aspects to this idea of free supply of programming.

Also at times we put the pressure out, and insist that they have a sustaining program, and they don't want to, and they have the possibility of making more money on something else. They can say the C.B.C. is not helping us now, and take a daily session of some sort and have a daily film program and make a lot of cash out of it.

MR. COYNE: What is the minimum number of hours



you are permitted to take per week? Is it ten and a half hours?

MR. DUNTON: In television there is a system of option time. It is a little different from radio. General option time running from eight to eleven fifteen on the English network, and that time in a general way is being questioned as an option on the network, but there are also programs in the afternoon and some programs over the week-end that we are expected to take, a station you can say that would supply a lot of service to the public. The general estimate is an option for the C.B.C. for either commercial or sustaining programs. It is very much two-way.

THE CHAIRMAN: The note I have had put before me here is a book of appendix to your brief on Canadian Radio & Television Networks. I haven't the exact number but I know the volume, and under the top marked "Program Distribution" there is a table there which refers to the C.B.C. service to private T.V. stations; on the second page there are illustrated the private stations, showing the percentage of the C.B.C. service actually carried.

It ranges from what looks like a low of about  $17\frac{1}{2}$  percent in Windsor to a high of 87 percent nearly in Port Arthur, with a great many running in the range of 64, 50, 57, and so forth, and around the 60 percentage level. In other words the C.B.C. is in fact providing service for stations transmitting 60 or 55 percent of their program time?

MR. DUNTON: Yes.

THE CHAIRMAN: And I still think this is part of the general financial study we have to make. Can you





help us on that?

MR. DUNTON: I don't think we can help much more. We have been trying.

THE CHAIRMAN: Mr. Stewart points out part of that 60 percent of the C.B.C. service they are carrying may not be sustaining or may be actual programs on which they are getting most of the revenue?

MR. DUNTON: Oh yes.

MR. COYNE: Is there a distinction....

Were you through, Mr. Chairman?

THE CHAIRMAN: Go ahead.

MR. COYNE: I don't want to interrupt you. Is there a distinction in these matters between the C.B.C. owned stations and the private stations? That is what programming does the C.B.C. carry on stations?

MR. DUNTON: In general they would carry a much more - a fuller National service than a private station. In general terms there is no complete absence. The C.B.C. would carry pretty much the full National service.

MR. COYNE: Why?

MR. DUNTON: Because in the first place we would be very slow if we were producing programs for the National service if for instance any part of which weren't worth anything in all parts of Canada.

MR. COYNE: Doesn't that same consideration apply to the private stations who are carrying your service into the parts of the country where you don't have C.B.C. stations?



MR. DUNTON: I think it could except in the private stations. They have to make a profit, and the C.B.C. stations are operating under our control.

THE CHAIRMAN: They are easier to persuade.

MR. DUNTON: Yes.

THE CHAIRMAN: Necessarily you determine that a program is worthy of National service and National distribution, and that it should be available to people in all parts of the country, but in point of fact apart from your option time it may be available only to people who can hear your station?

MR. DUNTON: We plan our expenditures to some extent. We naturally try to relate distribution to programming rather than option time.

THE CHAIRMAN: I suppose there is no absoluteness in these matters? The programs vary in terms of National insistence? In your view you are insisting that they go out across the country, as many as you want to get there, and others you think are good, and don't care about them?

MR. DUNTON: Yes; and money has a great deal to do with it too.

MR. COYNE: But the only reason you produce these lesser programs is to supply your own stations, isn't it?

MR. DUNTON: Not quite, no. In some cases there are certain programs which involve the matter of carriage, using them only on our own stations, but it is for a wider National service. Say the secondary programs are carried - and if they were carried and had complete





control on the other stations they would have to be carried, but the other private stations have their own outlets, and we couldn't reasonably expect them to carry them. On the other hand it might be good for the public if they could see them.

MR. COYNE: Why does the C.B.C. operate any stations at all?

MR. DUNTON: Because we are a broadcasting corporation.

MR. COYNE: Assuming the people of Windsor can receive National service through a private station why can't the people of Toronto and Winnipeg receive the same service also through private stations?

MR. DUNTON: I think it is a matter of compromise. We are a broadcasting station, therefore we have to produce some programs, and get them on the air. If we were doing the same as the National Broadcasting in most countries we would have National transmitters to get them throughout the country. We don't control enough of these transmitters, not as many as perhaps we think it would be wise if we did control, and therefore we have to rely on private stations, and in doing so we can't get as many programs and repeat them in as many areas. We have a full era of transmitters. It is a compromise all the way through.

THE CHAIRMAN: I had this question down for Mr. Dunton too and then we might adjourn for a few minutes: How essential is it to the National System that the C.B.C. should operate certain broadcasting outfits?

MR. DUNTON: I think it is vital because as I say you start from the point in which if it is a



National service in the C.B.C. it would have all the necessary transmitters. Television has been reduced quite heavily to a point where we operate eight out of thirty-three, and eight out of thirty-six. As has arisen from this discussion we can be sure the additional National service is only through our transmitters. The National scale is deluded to the extent that it has to work through private stations, and it is possibly how much the country wants to be deluded. It is purely pressure on the general structure of the system.

MR. COYNE: Surely that is a matter of regulation, isn't it? You say it is deluded because you don't choose to force the private stations to take your whole network, but there is the power?

MR. DUNTON: There is the power but power must be used with a certain amount of discretion and common sense. To put it an extreme form if we did force them to carry everything it would be possible that some of them couldn't carry on. As long as we are going to work with private stations we have to take into account some of their practical needs for operating. It would be a question of balance. There would be a discussion about almost any individual program.

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--- Upon resuming.

THE CHAIRMAN: Going on with this question of the value and need of operating stations yourselves in CBC, you did make the point that you need not have broadcasting experience. That is one thing. Are there also financial implications? Do you make more money out of your own stations?

MR. DUNTON: Very much so. In television, in rough terms, I think it is right we make about half our net commercial revenue simply out of the non-network, of the operations of our transmitters. It is a very important cash factor.

THE CHAIRMAN: It would from that point of view alone improve your financial position if you acquired more stations?

MR. DUNTON: More stations in pretty good areas. We could make a profit in respect of those stations. Considering all our present stations, not as taking any network production away from the programme production, just as operating transmitters in the simplest form, we make money on the commercial basis with respect to all those stations.

THE CHAIRMAN: Even maintaining the standards and general level of programme, which you think is your job?

MR. DUNTON: But that has nothing to do with any network problem.

THE CHAIRMAN: But the overall programme that comes out of one of your own owned stations



represents what you consider to be an adequate public service through that station?

MR. DUNTON: Adequate with the means we have at present.

THE CHAIRMAN: Yes, but, as you said yesterday, within the perquisites that had been permitted to you?

MR. DUNTON: Yes, and the means.

THE CHAIRMAN: Yes.

MR. DUNTON: We still make a profit regarding them as transmitting stations.

THE CHAIRMAN: And your financial position is better than if you did not have the stations?

MR. DUNTON: Much better.

MR. COYNE: But apart from that financial consideration, which is the real one, and in terms of the distribution of your national service, there is surely no reason why you have to in fact operate a string of stations. If you had one station in Toronto to produce English programmes and one in Montreal to produce French programmes, you could obtain distribution across the country in the same way as you now obtain distribution in those areas where you don't have stations?

MR. DUNTON: Yes; in other words, not as good distribution. We get much better distribution in National service in general through transmitters which we directly control ourselves. I am sure we always will than by transmitters operated by others over which we have only certain powers





which we must exercise with moderation because of the respect for needs of those operators.

MR. COYNE: The people who live in the areas where you have stations get better service than the people who live in areas where you don't have stations?

MR. DUNTON: I would say they have more National service available to them in general. Although, of course, some private stations carry nearly the whole thing.

THE CHAIRMAN: Going on from this to any possible extension of the system, what is your thinking about what should be done for new TV stations? I admit it is not your responsibility; this is a Government policy matter, but I would welcome your comments if you have any on it. Could new outlets, new TV stations, be acquired by the CBC and operated by them, or should, as a general matter, this be handled by private operators under some kind of arrangement, taking into account the kind of service that you would get out from them?

MR. DUNTON: You are referring to additional stations in areas already served?

THE CHAIRMAN: Let us first of all take areas not now served.

MR. DUNTON: Not now served: we think, in the first place, we would be glad to have the funds to work with any private stations which they think can operate in those areas under conditions which would include the provision of national service. That would be a little cheaper for us. Our chief



cost is communication charge for getting the service to the station. Most of those stations would carry a large percentage of national service. If we had stations of our own it would be a fuller service and it would be a slightly higher cost because of having to maintain the service. We envisage, if we had the funds, developing in both ways. We would not rush to put a relay station in an area in which some private station might want to go into, a private station depending very heavily on national service.

THE CHAIRMAN: You say it would be cheaper for you to have a private station do it?

MR. DUNTON: Yes, although the biggest cost to us would be the communication charge, but it would still be cheaper if the private station were paying the cost of operating.

THE CHAIRMAN: If you could put a CBC owned station in an area of reasonable population -- I am not talking about a low concentration place in the North country -- then you would have a station at higher cost but on which you would make more money?

MR. DUNTON: But the difficulty is that there are not many areas left with high concentration. There are not many areas left which, putting it bluntly, are good rich commercial possibilities, and that is the difficulty we face in establishing private stations in such areas. The commercial possibilities are not rich, and they would rely heavily on national service and picking up some





extra cash with some local operations they could do on the side. From the commercial point of view, as from the public money point of view, it is an expensive operation where there is a small population.

THE CHAIRMAN: Well, turning to the other side, the question of alternate or additional stations in populated areas?

MR. DUNTON: As we point out in our main memorandum, our view would be if there are going to be such stations it should in some way be co-ordinated with the national system as it has developed in Canada. In other words, if they are to be operated by private operators and the CBC provide some Canadian programmes for them so that you get a reasonable balance, so that there is at least some Canadian programming apart from local programming which they will do themselves, but that would be beginning to build up alternate service across the country. For example, a second station in Toronto and Winnipeg and the Prairies. The CBC will presumably put in its transmitters in some of the other prairie cities and you would have a second chain developing across the country, and then the CBC can supply programmes to those stations, and we hope soon, on a network basis -- a sort of core of useful programme. That is the real way to enrich television in Canada.

MR. STEWART: Would ultimate stations in those places where facilities are available increase the cost in any way to CBC, and thus, if they did, ultimately retard the protection of the national



network?

MR. DUNTON: It is not likely they would have much effect on costs, but they would have an effect on commercial revenues or potential commercial revenues.

MR. STEWART: Your revenues would go down and your deficits would go up, with a possible effect on the timing of the national scene?

MR. DUNTON: Yes, exactly, and on the service going to other parts of the country.

MR. COYNE: Why would that necessarily follow, that your revenues would go down? Surely that only happens if there isn't enough business to support two stations?

MR. DUNTON: Are you saying revenue -- potential revenue may go down, but if the audience is split more ways, inevitably through the years, at least, the commercial rates chargeable by each station will tend to go down -- the potential commercial. There are other factors which work in Canada, particularly support for Canadian produced programmes. We have to do a great many kinds of things to attract that support, and if there are easy additional outlets and means of advertisers achieving their purpose in a simple way without supporting Canadian programmes which cost more money, there will be a natural tendency to use other means. It may also mean, depending on conditions, good American programmes going on over stations rather than on the whole service across the country. So, it tends, in a





general way, to hold down revenues or potential revenues and hold down the support for the national service and the Canadian programming on it, and perhaps some of the important programming.

MR. COYNE: You spoke yesterday about some of the American network shows being diverted from the CBC network to private stations if there were second stations available; surely you, in fact, control the distribution of those American network shows in Canada? In other words, the additional private stations could not have them if the rules were such that they said they could not?

MR. DUNTON: Well, it would depend on the conditions applying. Let us look at it bluntly: if it is decided there is to be a second station in Toronto and it is not to have a connection with the national service, not to work with the CBC, and not to have the CBC provide some Canadian programming, and probably some American programming on a basis --

MR. COYNE: Excuse me for interrupting you, but isn't that comparable to the radio situation today -- the private station unaffiliated?

MR. DUNTON: Presumably it would, and you get an interesting parallel in Toronto, and one of the first things that would happen would be that the station would apply to affiliate directly with the American network, and the CBC has the right to refuse that, and then there would be an enormous row in the newspapers: "CBC won't allow affiliation; unfair competition." However, if there is affiliation, then



under the terms of that affiliation that station presumably would have first right to programmes of that network.

MR. COYNE: Excuse me again for interrupting, but surely we have lived for twenty years with precisely those rules as regards radio?

MR. DUNTON: Yes, and there are usually a good many complications in the operation of the radio system, and on television, with the greater costs, there will be greater complications.

MR. COYNE: Why should there be this row and pressure you speak of with regard to television where there does not seem to have been, or, in any event, the policy has been such as to counteract it in the case of radio?

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In a case of radio, if the Corporation in any year, as it has the right to do, refused to continue the affiliation of CFRB with the Columbia Broadcasting organization, I would think there would be quite a row.

MR. COYNE: That is a different thing, that has existed from time immemorial, prior to the existence of the Canadian broadcasting.

MR. DUNTON: We have explained that many times.

MR. COYNE: But, nevertheless, if a radio station today that is unaffiliated with any network came to you and pleaded for the right to affiliate with an American network radio station --

MR. DUNTON: We do not permit it.

MR. COYNE: You turn it down?

MR. DUNTON: Yes, and we know in television, that is why I had the clarification about what provision would apply, conditions, if the Act stays the same, the Board would decide, they might decide there would not be any affiliation, the station would operate completely on its own, the question of direct affiliation would be settled by them. That is the present feeling of the Board that there is to be no affiliations of any new Canadian stations as such with American networks. All programmes do not come the network way, there are lots of important programmes that come in other forms, kinescope films, which you might find on alternate stations from several important markets and not going on the national service. We think we





have a sensible pattern that could be worked out for such stations in a sensible co-ordination of all television under the CBC, and we would see that they had some good Canadian programming but also arrange for the development of a second network across the country, including some Canadian service and good imported service from American networks. Then, again, you get a real enrichment of broadcasting in the country, still opportunities for private stations but still, sort of a national interest but at a higher cost to the public.

THE CHAIRMAN: It is the only method you see for the emergence of a co-ordinating service?

MR. DUNTON: I suggest one or two others in the memorandum, the ITA, but this kind of thing would be the only thing under the present structure in Canada, this would be the way.

MR. COYNE: You will agree, will you not, that some of these factors which you have spoken of from the establishment of second stations, do not necessarily flow from the establishment of these stations; for instance, the affiliation with an American network which you say will have certain effects upon your operations, that will only happen if the second station is permitted to affiliate with an American network?

MR. DUNTON: That particular aspect of it, as I see it, there could be a great deal of effect upon the general importation, the general use of good imported programmes, on the whole service,



other than that, advertisers can do their business in other ways, meet their ends in other ways.

MR. COYNE: Is there any control at the moment over the programming on private stations apart from the --

THE CHAIRMAN: Radio stations?

MR. COYNE: Radio stations, apart from the requirement that they carry certain CBC programmes?

MR. DUNTON: In general, quite apart from the regulations, the printed regulations and the requirements that affiliates enter the arrangement for operating the networks.

MR. COYNE: For instance, there is no control or prohibition against the importation of programmes and material by a private station?

MR. DUNTON: No, no.

THE CHAIRMAN: I think I should know this, but, is there any control over the private radio stations as to the degree, sort of the percentage of canned music or news, or are there rules about this?

MR. DUNTON: No -- the ones not operated with the network?

THE CHAIRMAN: Yes.

MR. DUNTON: No, when we were revising the regulations a few years ago we did propose or suggest provisions on Canadian programming, but there was an enormous hue and cry raised across the country and no one came to the Board and supported us so we dropped it. There was some vague regulation about the use of transcribed programmes in the





evening particularly, but it has not very much application now. The design of the regulation was to induce stations to do a certain minimum of live broadcasting but I think the regulations have not very much effect now.

MR. COYNE: Do you mean they are not enforced?

MR. DUNTON: You will notice under 13(1), it is a general regulation against transcribed programmes in the evening except with the consent of the Corporation. Now, allowances have been worked out which are fairly generous allowances for stations.

MR. COYNE: Is that a blanket prohibition against recorded programmes, supposing the programme was produced in Canada?

MR. DUNTON: As it is now it is a blanket one; we have always been interested in Canadian programmes, and that is why four years ago we were going to drop this and put it in different terms, but nobody supported it, so this very general provision was left in. As I say, I do not believe it has a very great effect now, at the present time, in operation.

MR. COYNE: Because, in fact, you do give consent where it is necessary?

MR. DUNTON: Yes.

MR. COYNE: Just reverting to your main brief, Exhibit 2, and I think, Mr. Chairman, we might press on, if you agree -- on page 14, the paragraph in the middle of the page, you are talking about the problems of distribution through private stations, and you say they will probably



increase as television grows more highly remunerative and you continue with:

"Reluctance to carry national programmes tends to rise as more lucrative business is offered --"

Now, would this problem, do you think, be reduced at all if there was more than one outlet competing for the more lucrative business?

MR. DUNTON: You mean in an area outside of -- thinking of service, going to some city in the West?

MR. COYNE: Yes.

MR. DUNTON: I think one solution would be if the CBC had a transmitter and there was a private station as well, then the full national service would be carried on the CBC transmitter and alternate service under one of the bases we were discussing this morning.

THE CHAIRMAN: If you do that, let us say, in Winnipeg or Regina, had a CBC owned and operated station and an existing private station, you would, on your CBC affiliated station, carry the whole national service?

MR. DUNTON: Yes, in general terms.

THE CHAIRMAN: Would the private station then get any of the national service?

MR. DUNTON: If my suggestion of this morning were followed out when we mentioned our main memorandum, that station, together with any other second station, would have a certain amount of an alternate national service composed of Canadian





programming and some good imported programming coming in as the Dominion network is now.

THE CHAIRMAN: But you obviously would not put your existing national service into those stations?

MR. DUNTON: No.

THE CHAIRMAN: That is not offering any choice?

MR. DUNTON: No, but it would mean at least a partial, not complete but at least a partial alternative programming.

THE CHAIRMAN: That would have to be done on a national basis for the second stations?

MR. DUNTON: Yes, it would have quite a few advantages in practical operation; for instance, there are times now when there are two particularly good American programmes available. Now, if they cannot go across the country at different times it would be a good idea to have a Canadian programme of a certain type and an American programme of a different type; you could offer them quite an important array of broadcasting across the country. That second station having time for Canadian programming or imported or some local programme.

MR. COYNE: You go on to say:

"The system of linked public and private operation on the other hand does have some major advantages for the country. The direct public cost would be greater if the public organization had to establish and operate all the stations--"





Why do you say that, that the direct public cost would be greater; surely the private stations are not operating at a loss?

MR. DUNTON: It would depend, and that, perhaps, is put in too absolute form; it would depend on the degree to which we operated the new transmitters on the commercial basis, and in most areas a fairly large proportion, I think we could make an actual operating profit in just commercial terms, but we could not be sure of that. To some extent in some areas it would depend on how commercial business and general television developed in the country.

MR. COYNE: Since the business would be split between the private station and the CBC station?

MR. DUNTON: Yes, if there were two outlets in the one area.

THE CHAIRMAN: I suppose you have to work it down to capital and operating?

MR. DUNTON: Yes, a higher capital cost would have to be amortized. Looking at it bluntly, our cost of operating the transmitter would be higher than the private station because of collective bargaining agreements we have and that sort of thing, but we think in most areas, if we were left free to operate wide open commercially, the extra net cost would not be high. On the other hand, these transmitters, we would want to carry a very full national service and would not have as much time for the lucrative type of thing as the private station would.



MR. COYNE: Under your general policy, you would probably operate these stations on a different basis from the private operator?

MR. DUNTON: Slightly different.

MR. COYNE: And the net revenue would not be as great under your programming methods?

MR. DUNTON: No.

MR. COYNE: Well, turning now to Section B, "Canadian Programming", which you start at page 19, I think we have gone over a good deal of this both yesterday and today but there are some questions I would like to ask you for clarification. In the first place, dealing with the Canadian produced live programme, I think you say that these programmes are produced at a loss in the sense, I am speaking of sponsored programmes, in the sense that the advertiser does not pay the full cost of producing the programme?

MR. DUNTON: In that sense, yes, we still do not think it is a loss.

MR. COYNE: Well, you qualified it satisfactorily by saying "in that sense"; I think that makes it clear. When you are charging sponsors of these Canadian produced programmes for programme production, is there any set scale or relationship on which those charges are made?

MR. DUNTON: There is an internal set of targets that are set. Last year for the season we have passed a set of targets for our negotiators, partly because there is a desire to keep it as fair





as possible either to different advertisers or agencies, but they are only targets. They are kept to as far as possible but it has not been decided definitely. In some cases in bargaining we simply could not get the target proportion that was desired to get, and they do not necessarily hold. They are only for the internal guidance of the negotiators in business. We hope they will be changed and raised in future years with the problems of change in the cost of network going higher, the general development of television, the pressure for programmes to be better will be raised so that we would get that proportion much higher. Of course, we do not know, but we will try.

MR. COYNE: That is a straight bargaining proposition?

MR. DUNTON: Yes.

MR. COYNE: You have a programme and time available and offer it to the advertiser?

MR. DUNTON: Yes, straight bargaining, always remembering the possibilities that advertisers want spot announcements and using imported programmes or using another medium, not television at all; it is straight business bargaining.

MR. COYNE: Well, you spoke of imported programmes; let us think for a moment of a live programme which is imported from an American network; now, who bears the programme costs in a situation of that kind?

MR. DUNTON: We do not know, but in the opinion of most of us the parent company in the States



pays the cost of that programme production. As far as we know there are no extra programme costs involved when it comes into Canada; there may be internal accounting arrangements between the parent company and the affiliated company in Canada, but as far as we know all that Canadian company has to pay is the charge that we make to it for network time.

MR. COYNE: In other words, an advertiser who is fortunate enough to have someone in the United States producing a programme that he can use --

MR. DUNTON: Is in a particularly happy situation.

MR. COYNE: He could get that programme and come along to you and say, "Here is my programme, will you carry it?"

MR. DUNTON: Yes.

MR. COYNE: And in that event you will carry it for your regular charges?

MR. DUNTON: Yes.

MR. COYNE: What he pays or does not pay is his own business?

MR. DUNTON: Yes.

MR. COYNE: Whereas, a Canadian sponsoring a Canadian programme has additional charges in the sense of a direct contribution to the Canadian programme?

MR. DUNTON: Right.

MR. COYNE: Which, as you said yesterday, are much higher than he would have to pay to acquire, on a film basis, a show from the States that would be pretty





attractive from an advertiser's point of view. What about a film programme that is carried on your network, do you get the film?

MR. DUNTUN: In most cases the advertiser supplies it, but in a few cases we have bought the rights to a film and sold it and got the full amount back.

MR. COYNE: Did you get a profit?

MR. DUNTUN: We got revenue out of the sale of the network time; I do not think we made any profit from the programme change, neither did we make a loss.

MR. COYNE: But in many cases the sponsor himself provides the film to you in the same way as he arranges for the live programme?

MR. DUNTUN: Arrange a film programme?

MR. COYNE: Yes.

MR. DUNTUN: Yes, he may come and say he has the rights or can acquire the rights for Canada for a programme on film, he would like to put it on the network and pay all the charges and we have a look at the programme to see if it fits with the pattern we want.

MR. COYNE: So, in those circumstances, you have no control whatsoever on the cost of programming coming in from outside?

MR. DUNTUN: No, we have no control and we know in most cases it is very small.

MR. COYNE: I think the word was mentioned yesterday, but, is that not analogous to "dumping" in a very extreme form?

MR. DUNTUN: The case is simple enough,





programmes produced at very great cost can be used in Canada at a very little, and in some cases, no cost, whereas, getting anything produced in Canada there must be a cost and it is the basically high cost of producing the thing originally.

THE CHAIRMAN: I suppose you have the further application in the analogy here, that is, a large portion of the Canadian population have heard the programme on an alternative American station, the very same programme they are getting on film from your station?

MR. DUNTON: That is always a factor.

THE CHAIRMAN: Right through television, especially in the English language television, there is the competition, alternative viewing through the air; it is in effect at all times?

MR. COYNE: It seems to me there is some value in the use or having the use of that programme in Canada, but in those circumstances nothing is being paid for the use of that programme in Canada or some nominal amount?

MR. DUNTON: Well, we do not know. Mind you, the advertiser is paying the full, fair rate for the use of broadcasting facilities.

MR. COYNE: Oh, yes.

MR. DUNTON: And in most cases he has to have live or on film facilities and he will pay for that, too.



MR. COYNE: Turning over to page 21 in this same section...

MR. STEWART: May I interject a question here? In answer to Mr. Coyne I think you said that when you were selling programs you set up a target for your commercial division to show it in the sale of that programming, the target being set with a view to reducing the possibility of discrimination between the various producers. Is that target set at cost or is the target below cost?

MR. DUNTON: May I explain first, Mr. Stewart, that we ourselves don't talk or think in terms of selling a program because it doesn't become the sponsor's property but it is the right for him to associate his name with it. The targets are worked out on a sliding scale, and they do cover the - or they are based on the full cost, but the recovery on the basic programs is at a lower percentage of the actual cost than the programs at a higher cost, and the General Manager was just saying that this season we have been pretty successful in meeting the targets, although in some cases the bargaining has not been possible to meet.

You will see in most cases the target is not full cost because we can't get it. In some instances we try. For instance in sports programs we try to get it and do get it.

THE CHAIRMAN: Of course these production costs are not very great.

MR. DUNTON: Yes, but there are very heavy rates on the programs and the important thing is not to lose anything on that, anyway.





MR. COYNE: Just digressing for a moment, Mr. Dunton, on a general point: Under Section 21 - 1-F of the Canadian Broadcasting Act "The corporation may make regulations to promote and insure the greater use of Canadian talent by the Corporation and private stations".

Has it ever been possible to make any real efforts through regulations or otherwise to insure the greater use of Canadian talent by private stations?

MR. DUNTON: About the only one where - and I mentioned this this morning - after that was put in the Act years ago we did work out a careful scale of Canadian programming in any kind of circumstance, no matter whether there was talent or not. We seemed to be able to support a great deal of Canadian talent, but there is an interesting example of how hard it is to do this by regulation. We did in a general way watch the operating stations. If we have information about the activities, and the Board may well question the situation, or when a license comes up for renewal consideration will be given to its general performance, but not in a precise term.

MR. COYNE: In this one instance when you did try to formulate a procedure there simply wasn't any support for it?

MR. DUNTON: No, not to us, with the Board having public hearings.

MR. COYNE: Then going on to page 21 of your Memorandum, Exhibit 2, where you are speaking of the pressure of American programming, and you say it is not as great in French speaking Canada as English speaking



Canada, because of the difference in language. Even in commercial sound broadcasting Canada has tended to produce more of its own fare than has been the case on the English side.

Now, in view of the fact that French Canada is obviously a smaller market and therefore the most costly to reach, why has that been? Through that there has been more commercial sound broadcasting produced in French than in English Canada?

MR. DUNTON: In the earlier part of the question we tried to mention two kinds of factors, one simple arithmetic, because of there being too few people, and the other of competition.

In the case of French Speaking Canada the effect of a smaller number of people works very much heavier, but the competition side is not as strong, naturally, because of the language, therefore even though there is a smaller population to support it there are still more possibilities for having production.

MR. J.A. OUIMET: I wouldn't under-estimate the competition side. In the case of the English language programs in Toronto the competition is American. In the case of the French language programs in Montreal where there are a great number of bilingual persons, and it is increasing with T.V. - furthermore with T.V. the visual interest is great, and therefore the language is not as important; therefore the competition to the French network programs in Montreal is the English and Canadian network program or the American imports we put on the English





language station, and there is quite a bit of competition there. We can see it on some of the ratings.

On the other hand in Montreal it has been possible to develop quite a number of small, cheap programs which still attract the French speaking licensees or viewers, of a type like the quizz type of program which does not seem to attract the English speaking audience in Toronto.

This is a very complex thing, which brings in even the cultural differences between the two groups. For example these quizzes, many of them are about - they are not just about the run of the mill sort of thing that may happen. They are actually intellectual.

They seem to attract both the intellectual group and the masses, however.

MR. DUNTON: With that it is our estimate that any large amount of commercial or television production in Canada on a purely commercial program would have a very hard time because of the small population. As Mr. Ouimet explained possibly more-so than any other. On a commercial basis it doesn't seem possible. Actually there are fewer percentages of network sponsored programs than on the English network.

MR. COYNE: On the English side if competition is a significant factor in reducing the amount of commercial sound - of commercial broadcasting that can be produced in Canada then does it follow that if that competition was controlled in some way - restricted in some way...?

MR. DUNTON: The question is "how" it is restricted because - particularly in the English speaking





capital, I think the public would want a certain amount, or possibly a certain amount of available programs in the States. Competition is in such a way that it will - it is not going to help the whole broadcasting system very much. You have very much more opportunity or money to use on Canadian productions to help the question of balance.

MR. COYNE: Turning over now to page 23 - and I just have a question to ask you very much on the same subject: You say a Nation - in the second paragraph - a Nation-Wide purely commercial network carrying any significant amount of Canadian programming never was a practical possibility in sound broadcasting.

Was it ever tried?

MR. DUNTON: Not to our knowledge. Some people may say if you asked them that it was never tried, and the C.B.C. wouldn't let them anyway. Our rules would not permit it. On the other hand nobody ever did come along with a concrete proposal for such a thing.

MR. COYNE: In other words if someone approached you with a specific proposal to develop some commercial network broadcasting you would at least consider it, whether you accepted it or not?

MR. DUNTON: Certainly. There is a good deal of network broadcasting on a subsidiary basis. Take in the Province of Quebec - and there are other subsidiary networks worked out which we worked out in different parts of the country - if someone came to the Board of Governors with a specific proposal saying they would operate right across the country the Board would be naturally bound to look at it.

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MR. COYNE: But you have never had such proposals?

MR. DUNTON: No.

MR. COYNE: Your comment here is restricted to a nationwide purely commercial network?

MR. DUNTON: Yes.

MR. COYNE: A little further down the page where you are also describing what would happen without the CBC, and the money it spends on behalf of their viewing public, "programmes apart from some local broadcasts would be practically all imported" and "television broadcasting would be available over much less of Canada since a number of stations in smaller population areas would probably not have started operations." Could you comment on that statement?

MR. DUNTON: The Board of Governors for the last few years has had come before it quite a number of applications for television stations, and they are very full applications which give a great many details about the applicant's plans and that sort of thing, and the Board has accumulated quite a bit of knowledge from that. We would say from that quite a high proportion of the television stations that have been established have been able to do so and go ahead because they could count on national programme service available to them and a certain amount of revenue coming with it. It is our estimation that quite a few of the applications would not have been made if the national service was not available.





MR. COYNE: This is the point that Mr. Stewart was really questioning you on earlier, that from the point of view of revenues the availability of the national service to these smaller stations is a vital factor in their economy?

MR. DUNTON: We think it is a very important factor indeed, and I think not only to the smaller ones, but it is a pretty important factor to some of the large ones, too.

MR. COYNE: I think you said earlier it was difficult to measure just what the effect of this national service was in financial terms?

MR. DUNTON: The measuring of just what it costs in respect of the private stations, but you could have a certain measure of what it means to a certain station by seeing what it gets from it, and the revenue, and, above all, the programme service it is getting.

THE CHAIRMAN: I suppose it is very hard to measure what the alternative cost would be if they did not have the service? If they had to produce some programmes, they presumably would not sell them all, and they would have to have some cost of sustaining programmes?

MR. DUNTON: That is hard to estimate. A programme of 55 or 60 hours a weeks on television costs a good lot of money.

MR. COYNE: Of course, in the larger centres, where you commented upon the growing reluctance of some private stations to take your national service,



that may reflect the other situation where there is more profitable local business offering, and they would be very happy to get out of carrying your programmes?

MR. DUNTON: In some instances, but that will come up in connection with particular programmes rather than here. There are local programmes which pay the private stations pretty nicely in spite of some which I don't think they recover their full cost.

THE CHAIRMAN: I wonder if I could cut in here to get something clear in my mind; I am a bit confused on this question of availability of commercial revenue and the sponsored programmes, and I am thinking particularly of TV. I cannot be clear in my mind whether there is a shortage of demand for advertising time or an excess demand for advertising time. For your present existing system, and without differentiating between CBC and private stations at all, does the system meet the demand for advertising as it exists today? Are there sponsors seeking TV outlets who are unable to get them, assuming they put on good and suitable and adequate programmes, up to standard, or are you meeting the demand, or is there not enough demand to fill out the day, and you have to do a lot of sustaining programmes?

MR. DUNTON: I think, in general terms, -- and the General Manager will perhaps follow me on this -- speaking very generally, there is no great unsatisfied demand for sponsorship of Canadian produced programmes. There is in some areas, particularly the large areas, some of them particularly





where our stations -- including those where our stations are -- particularly where they are -- a certain unsatisfied demand for time for spot announcements and imported syndicated film programmes. That is the general situation.

MR. OUIMET: We have quite a number of programmes open for sponsorship, so I think any answer we could give you would have to be qualified. There is probably more than we can fill at a lower cost than we charge, but at the cost we charge, and for certain types of programmes we offer, it seems there is not enough demand to fill our needs, because we have a lot we haven't been able to sell. Well, "a lot" -- my colleague says it is not a lot, but if I remember my statistics there are a few good programmes we would like to sell yet, and it seemed to be a lot.

THE CHAIRMAN: I suppose an unfriendly person could say this was a bad style or a bad script or something, and therefore they didn't want to buy it?

MR. OUIMET: That is quite true, and I think that is something we should point out; that is, we are not competing only with other radio or with the American TV stations that come across the border, but we have to compete with the newspaper advertising, magazine advertising and any other kind of advertising, and when you are talking about the discounts in our system, what is called target amounts, actually those discounts were more or less forced upon us by the natural economy of advertising in the country,





because suppose we simply say, "Well, we want to charge our full cost", then they will not use TV. The advertiser will not use TV, but some other medium. So, we have to be competitive not only with other stations, but with all media.

THE CHAIRMAN: You are saying, in effect, there isn't any fixed amount of money waiting to be put into TV advertising?

MR. OUIMET: No, because if we made the costs attractive enough we would take money away from other media, but we would lose more money than we do now, so all this has to be delicately balanced keeping all factors in mind, and we try to drive the best possible bargain.

THE CHAIRMAN: I had several purposes in asking the question, and one was, whether there was an adequate number of outlets to carry the proportion of the programme which is sponsored and advertised. The opposite one was, that if there was an unsatisfied demand for more advertising, whether your rates were right, because the old price mechanism might work today, and you charge more for it and ration the time amongst people clamouring for it?

MR. DUNTON: I would say there is quite a bit of money available for buying spot announcements or imported syndicated films in stations in Toronto and Vancouver. That is the profitable way, and that is where the money lies, and that is the kind of advertising so many advertisers want. If we say somebody else opened up another station in Toronto



or Vancouver, you would get a lot of money coming into it by spot announcements and through syndicated film. As the General Manager has pointed out, not much sign of anyone wanting to sponsor Canadian programmes.

MR. STEWART: Well, you want them to buy, but you haven't got the produce to sell?

MR. DUNTON: We think it is a pretty good product.

MR. STEWART: I am not being critical when I say that. I am trying to find out whether by reason of the prohibitions put on you you are handicapped in producing the kind of programme that you would sell?

MR. DUNTON: No, because I would say that apart from the kind of programmes we produce, much the biggest factor is the cost, because the cost has to be recovered. On the other hand, these films that come in can be available for a fraction of their cost.

MR. STEWART: Well then, your spot announcements, have you room on the CBC for additional spot announcements?

MR. DUNTON: I think we are pretty much full for spot announcements -- without overloading.

MR. COYNE: But if you increase the charge you make for the spot announcements by, say, 25 per cent, would you still be full up?

MR. DUNTON: It may be reduced, and I think this would get back to the fact that the rates have gone up and are likely to continue to go up again, and we would be loading it up more and getting more revenue.





THE CHAIRMAN: I think we will adjourn now, but I will say, for the possible convenience of others presenting briefs, it looks to me that we will want to go on with this questioning throughout the afternoon and possibly tomorrow, but if we suddenly get to the end of our questioning late this afternoon we will not call the C.A.R.T.B. brief until tomorrow.

---The hearing adjourned at 12.30 p.m . until 2.30 p.m.

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UPON RESUMING AT 2:30 P.M.

THE CHAIRMAN: If you are ready we will resume, Mr. Coyne.

MR. COYNE: Mr. Dunton, I would like to turn now to page 25 of your brief which deals with the financial requirements of television. Before doing so though I would like to ask one question arising out of what Mr. Ouimet said just before lunch which, if I understood him correctly, he indicated that there is in effect a shortage of sponsors for network programs, but you have all the business you can carry as far as spot local programs are concerned on local stations. Is that correct?

MR. OUIMET: That is correct, and we would have to qualify as between the French and the English language network. There is more of a shortage on the French than on the English language network.

THE CHAIRMAN: Of sponsors?

MR. OUIMET: Yes. By the way, another reason I should add, we can only talk about last year as the season is ending. At the moment as you know there is decrease generally in the activities not only in Canada but also in the United States during the summer months, and there are new programs coming up for the summer, and also we are starting to do work on sponsorship programs for the Fall.

Now, we had great hopes for next Fall. I can't speak with any certainty what programs we think will sell, will actually sell. I have to speak of last year.

THE CHAIRMAN: My only question was this:



Whether you ever considered sponsorship of a network program at the local level? That is if you can't get sponsors across the whole network, to get local sponsorship at each of the outlets, let us say by local advertisers?

MR. OUIMET: We have thought of it many times. As a matter of fact we may do it in certain specific cases. Generally though these programs are National network programs with National rather than local appeal for local sponsorship.

MR. DUNTON: Any private stations or ourselves may be carrying sustaining network programs but there is quite a lot of money in spots around to provide special opportunities and time opportunities for sustaining programs.

THE CHAIRMAN: Which is somewhat related to the sort of thing I was suggesting as a possibility.

MR. OUIMET: I don't know whether I understand your question fully. There is another point, if I understand your question fully, and that is if we limit the sponsorship of a program to a preferred one then of course the return we can get from that is all out of proportion to the cost of that program unless we cut it right down in terms of production.

THE CHAIRMAN: Where you were sending network programs across the network on a sustaining basis, but on that basis because you couldn't get anyone to sponsor it, would you consider under those circumstances someone say in Winnipeg to sponsor that program in Winnipeg, and someone





in Regina or Vancouver to sponsor that program in their particular locations?

MR. OUIMET: You are referring to co-operative programs, and we are considering some of those and there is one particular program we are working on on that basis.

THE CHAIRMAN: I presume something of that kind would provide you with funds if it were not available on a sustaining basis?

MR. OUIMET: I am told for example that we might have to do it particularly in the case of children's programs, and also in the case of sports programs. We are, of course keeping in mind all these possibilities in terms of course of their practicability to us on the basis that it will suit our need best, and then we will move down.

MR. DUNTON: In that connection you have still the problem of getting the cost of the program paid for; even if they are paying time on local stations they are probably not producing much to the local station.

THE CHAIRMAN: If it is produced anyway and going across on a sustaining basis you are paying the cost anyway?

MR. OUIMET: Yes, but we wouldn't be doing as well as we are doing in most cases on sponsorship programs. We have also to allocate some balance in our methods. In other words when you are trying to sell a network on a network basis not with co-op and so on, and then, having exhausted the possibilities of that system, you start to consider other possible schemes which may be more attractive to the sponsors because they don't have to buy as much.

Then we still have to keep in mind an over-all



uniformity in all the sponsors. In other words if you go that way you might start to lose the business you had previously because they would prefer to go on this partial basis you mentioned.

THE CHAIRMAN: In other words you might lose sponsors on a network basis if you gave them this other opportunity?

MR. OUIMET: That is right.

MR. STEWART: Mr. Dunton, would you care to tell us why you put the prohibition of sponsorship on news?

MR. DUNTON: It was thought as a matter of policy it was desirable that sponsors should not have anything to do with news on the National system. It is a matter of judgment.

MR. STEWART: Is it true that in radio news there are many cases of sponsorship of news broadcasts?

MR. DUNTON: Yes. This only applies to our own network; not locally.

MR. STEWART: But is it true that news and news commentators and so on in the American system are frequently sponsored?

MR. DUNTON: Yes. We buy our main sources of news on the understanding it won't be sponsored, so while we might make a profit we still have to pay more. That is really a policy matter rather than a deciding factor.

MR. STEWART: It probably would be profitable?

MR. DUNTON: It would probably be a deciding factor, but television is not cheap, and whether we covered the whole cost would be a matter of opinion.





MR. COYNE: Turning, Mr. Dunton, to your 1952 plan we had considerable discussion on this yesterday but is it correct to say that the extent of programming and distribution of programs that you contemplated in your 1952 plan has now been reached?

MR. DUNTON: In extent it has been surpassed a bit.

MR. COYNE: That is in extent of coverage you were counting on 75 percent and it has gone to 80 percent?

MR. DUNTON: Yes. In programming we certainly didn't know how in those days to express it in exact terms and still don't know how. As you know, the English language network service is a little more than half to Canadian viewers. I would say as far as Canadian programming is concerned it was a little more than half.

MR. COYNE: You are now producing something like 45 to 50 percent in English and 35 to 40 in French; is that what you contemplated in 1952?

MR. DUNTON: I would say we haven't been very precise because we knew the hours as well as the stations would tend to advance as television developed in Canada, and as things developed in Canada.

MR. COYNE: Did you have no specific number of hours of programming in 1952?

MR. DUNTON: We had some scale.

MR. OUIMET: On this I think we would have to make a distinction in answering this, between what we had in mind for a certain year and what we had in mind for a certain circulation. All this was developed on the basis



of circulation. That is why we are coming back to the question of the fifteen dollar scale. Obviously what we had in mind by the time the system was developed was to give a full time service which is not limited to seven or eight hours a day. The full T.V. service as it can be visualized when it is full-grown, if there is money to pay for it, is a service that would go on most of the day, as it exists already in the United States, where it has been existing for longer than we have.

MR. COYNE: How long has it been existing in the United States?

MR. OUIMET: About sixteen hours a day, as we do in radio. Well, this was the end limit for full circulation if we could get sufficient funds for it. Now we were not absolutely sure that we could do this and get quality at the same time, and have sixteen hours a day, so we didn't actually make that decision that we would get sixteen hours. We would do our best to get it.

In terms of circulation, in between times, what has happened is that it has gone much faster than the most optimistic predictions ever made about the growth of television.

When the first plans were made nobody, even the most ardent supporters of television, thought - in Canada, for example, or any other country in the world - thought you could get to near saturation within three or four years. That is what has happened in Montreal. Montreal has already eighty percent in the homes now, and two stations, because it is in French and English, and no support at all from alternative stations coming into



Montreal; so on the one hand circulation has been much higher than expected, and we are at the stage now where in terms of circulation in Canada we are about at the fifty percent mark, so we have a long way to go yet to the one hundred percent or ninety percent mark.

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.....





MR. COYNE: I don't understand the 50 per cent.

MR. OUIMET: There are about 50 per cent of the homes in Canada have T.V. And the plan we had scheduled on that scale of \$15.00, we could do about 75. Then we did 80, and we did 80, mostly because the transmitters did transmit a little further than we estimated in that plan.

MR. COYNE: Because, when you are using 75, and 80, you mean opulation in Canada. That is irtht, that is true?

MR. OUIMET: That is right.

MR. COYNE: When you speak of 50 per cent you are speaking of the households in Canada that own T.V. sets?

MR. OUIMET: That is correct.

MR. COYNE: Well, get at it this way, and you will correct me if my very rough figures are wrong. At the moment, I understand that in this year that we are in now, you expect the T.V. service you are planning to provide to cost approximately thirty million over and above commercial revenue?

MR. DUNTON: You are a good guesser, Mr. Coyne.

MR. OUIMET: That is what it is.

MR. COYNE: It is a guess, but, perhaps, I think I have heard something about it. And at the moment there are about two million T.V. homes in Canada?

MR. OUIMET: That is right.

MR. COYNE: Which would give the \$30,000.000. that is equivalent to \$15.00, per T.V. home?

MR. OUIMET: And I would say we are providing the



service we hoped to provide at \$15.00, per home, at the time when two million homes where circulation would be reached, but it was reached much earlier than we anticipated.

MR. COYNE: But, take the present level of broadcasting and distribution, and I am thinking of present contracts, so many hours of programming a week, of American programmes, and so much proportion of Canadian programmes, and coverage of 75 to 80 per cent. Now, if that specific service is likely to cost \$30,000,000. this year, will it not continue to cost \$30,000,000. in succeeding years? Now, there is inevitably some increase in costs, I suppose due to rising costs generally, but apart from considerations of that kind, and assuming we don't have a pronounced inflation, do you say \$30,000,000. the following year could not continue to provide the same service?

MR. OUIMET: No.

MR. COYNE: Why?

MR. OUIMET: For example, when we were talking about \$30,000,00. as the cost of the service for two million sets, we were talking about a condition that has just passed. Already we are committed, I believe,--- I would like to check---I believe, just at the moment we are given around 32, 33, 34, it is very difficult there, because it varies from month to month. Our accommodation doesn't run the same in the summer months as the winter months. Generally speaking, there is an increase in the fall, and we are still, pretty well, at the end of the peak season which was around January,





February. And we will drop down a little bit. We cannot stay there because our commitment is what we gave at the peak, and we will come to, say, thirty-two million. That is where we start from. We have many commitments, for instance, a programme started last year and went on for a month or two. Many of the improvements last year were at the end of the season, and they have to be carried over for the season next year. Some of the private stations had to be paid and the cost is about two hundred thousand a year. That is for the full year. Next year there will be new stations coming up. We are already committed to the extension of the network.

MR. COYNE: If you don't mind me interrupting, I can appreciate that question of commitments; that is why I took your figure for the year. I assume in the past year you have had a programme on for one or two months, which you intend to carry on a full basis next year, and the cost of providing a full year basis is included in the thirty-two million?

MR. OUIMET: No, I misunderstood your estimate. If you do this, our estimate for next year is more like, 15 X 2,300,000. which will be 35,000,000.

THE CHAIRMAN: What is the 2,300,000. figure?

MR. OUIMET: The circulation estimated in the middle of next year.

THE CHAIRMAN: That is the point. We want to look at your budget, we want to look at your cost, and you don't arrive at cost estimating that your circulation is going to be 2,300,000. multiplied by 15.

MR. OUIMET: I have noticed your reaction in



here when you were questioning Mr. Dunton. And I think this is due to the fact, the reason we go back to the rate, simply, it is the natural thing for our business to do. In all broadcasting business in the world, up to date,---- not up to date, except in the United States, the license has been the guiding factor. It was our guiding factor until 1952, so, when we made all our studies we made them on the basis of revenue per year, which was supposed to be the maximum limiting our expenditures. Now, we made all the calculation, the exact number, in the exact case, we were thinking about the future, the number of dollars needed to give a certain service. Then, we limited ourselves by this ceiling of \$15.00, and the ceiling has been limiting us all the time. But, we can give you figures, and we have been given instructions to have figures prepared to give you expenditures from year to year on the basis of the service.

THE CHAIRMAN: Thank you Mr. Ouimet. We, as you know, engaged financial consultants, and Mr. Guy Holt, he has been working and providing us with many preliminary figures. I want to make it clear, he will be available to work with you people to try to work out these cost figures we are talking about. I think he knows better than I what we have to have. It would be better if your people were working with him in working this out. If that is satisfactory to you?

MR. OUIMET: Mr. Chairman, when I mentioned this natural thing for us, I am speaking in a general way for all broadcasting organizations, even including in the United States. There is a natural force within themselves, the organic growth of a system, which ties





it, or seems to tie it to that sort of thing. So, we don't arbitrarily it is fourteen, it is thirteen or twelve, then work to it. It is just because we have detected---there is another work for it---the existence of this thing. Just for example, for the United States, if we check the figures over the years in the United States, where it is an entirely different system, the whole thing paid by advertising, and you can figure out how much was paid per home in the United States over the last seven years. Then, the United States, according to one source of information I happened to pick up, 1949, \$25.13; 1950, \$24.40; 1951, \$25.17, 1952, \$24.54, 1953, \$24.92, 1954, \$26.35. And nobody was trying to hold it to so much per set.

It is a natural thing where, when you plan a service. Certainly right at the start we said we were going to limit our rate because there are fees. When we started in Montreal, we said, "We cannot give ten hours a day, it would be silly to spend all that money." The service---Maybe we can give it to them---

THE CHAIRMAN: Let me ask you this question, Mr. Quimet, I think it comes down to me, and I want to understand what is in my mind and, perhaps, in the mind of the other Commissioners. It goes to the question of such figures as you were quoting from the book in front of you. Are those results or causes? In other words, are these the results of figuring out what the costs were and dividing them by the number of sets, which I think that is what you read out from your book? Or do you start at the other end and say, "We have got





\$15.00, we estimate a number of sets, that is our break down, and we are going to spend that money."?

MR. OUIMET: In the United States, it is certainly not the result of matters planned, because it is---

THE CHAIRMAN: Apparently the result of the statistics themselves, useful statistics, brought out to give you some check between the relationship of the cost of the service provided and the number of sets that are in operation or the number of television homes in operation.

MR. OUIMET: It is simply, in the United States, as there are more people, if you have a programme, obviously those making the programme can charge the sponsors more for it, it has the circulation.

THE CHAIRMAN: Because the circulation comes into the commercial side of this, as it does in newspapers, for example. Let me ask you, how did you make your budget up?

MR. OUIMET: We make our budget as according to general---we have to distinguish whether it is the first year?

THE CHAIRMAN: Let us say next year's budget.

MR. OUIMET: For next year's budget we have already certain minimum commitments. Only because, as I said, we were operating at a certain level at the end of the year, and we have for the following year commitments which were in effect for only part of the year. We have new things, so that determines an absolute minimum.

Then, the second thing, is where there are



improvements in our service which were absolutely essential. Suppose we have a certain programme, or programmes series, of the previous year which were not good enough, perhaps, and we replaced it completely, and replaced it with one costing no more, or replaced it with something that cost more, or we maybe able to affect a savings. But generally, the way the art is developing, it is only three and a half years old, anything we can do to make a programme better, means more rehearsals, getting better talent, better scripts, better everything. And, also, as this talent gets better it can call for better fees and wages. So, T.V. at the moment, even if it is just improving without increasing quantity, is developing in a fast way, costs are increasing fast. So, we have to recognize those minimum things.

Then, we would say, in a certain schedule, we have to allow for fill in material. In other words, we have, perhaps, more than we should have of programmes of the type we call either old films or cheaper documentaries, the travel log about some part of the world in which people, perhaps, are not too much interested. But, still we have to fill in. Well, of course, when you look at these you say, "That is not good enough. We should run this thing, give it more body." And again, you have the choice, not only the choice, you have an obligation, if you can, to improve your service. Then we say, "All this is more than we really can spend at this time." And you apply the \$15.00, ceiling on the thing. It is a limiting





factor, all one really can give.

We tell out people before they submit their budget, "It is no use asking for more than that \$15.00, we wont give it." So, we get out budget from them taking care of only those essential kind of things, really desirable, that can fit this \$15.00.

MR. COYNE: Really, Mr. Ouimet, cannot the stand you take in this matter be described in this way, that it is logical to finance a broadcasting organization by means of license fees or some other method related to the number of sets being used? Is that a fair statement?

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MR. OUIMET: It is natural to our type of finance to have an amount related to the number of sets.

MR. DUNTON: We make it quite clear, in spite of some of the headlines, we are not asking for a licence fee. I think the second part of the --

THE CHAIRMAN: Not even \$32.50?

MR. DUNTON: No, Mr. Chairman. We do feel the relationship to the number of viewers in the country seems to us to be the only kind of signpost to be applied, the only one we can think of.

THE CHAIRMAN: Let us take that for a second, to be absolutely accurate about it, you said to the number of viewers; what you were really saying was it should have some relationship to the people getting the use of it?

MR. DUNTON: Yes, that is better still.

MR. COYNE: Supposing, so far as the body providing the funds is concerned, logic has no part and they are thinking merely in terms of dollars and cents that are going to be made available to run a broadcasting organization, now, supposing that this organization, this body or whatever it is, say there will be \$32 million plus your commercial revenues available to run a television system, am I right in thinking that that \$32 million is subject to costs, wages and other matters that are going to be paid out regularly, that that \$32 million will buy exactly the same programming next year and the year after that from what it is doing



this year?

MR. DUNTON: I would explain this further; you will have \$32 million this year and the following years, that would mean in effect that the scale of service, that is, the quality, would have to go down in order to meet commitments and meet rising costs.

MR. COYNE: Perhaps we can explore that a little further: what are these commitments? For instance, a commitment to the telephone company under a contract for microwave relays is one thing, but a plan to meet a programming service is not what I would call a commitment; it might be something you desire to do, but if the funds are not available you cannot do it.

MR. DUNTON: It is not a commitment to improve programme service, that is not even a commitment to keep programme service on, but surely as television develops you have to try to keep up to some extent with the growth of interest and means of communication in the country. We could go probably below \$31 million next year but that would be reducing the quality of programmes, reducing them further still in relation to the development in the United States and other countries. I think when the General Manager speaks of commitments they are fixed ones, contracts and salaries and that sort of thing and also we have in mid service operation and keeping that standard still relevant to the growth of television, the interest in it and the development in other countries, not in our





view having a lot more Canadian programmes or more outstanding programmes, simply a series of programmes which do not seem to be falling behind in relation to television in general.

THE CHAIRMAN: I think Mr. Coyne has the same idea as I do. Let us take the mythical station, we are not going to have inflation to change the value of the dollar; we have at the moment a certain scale of programmes and service which, let us say, is costing \$32 million plus your commercial revenues. Why would it not be possible next year and a year after for the same amount to produce the same, roughly, a similar type of service you are now giving?

MR. DUNTON: Our people can show in detail why the increases that are bound to come, increases on the percentage costings, the cost of meeting commitments which have to be met for the operation of studios and so on, and in that way it can show you in a pretty clear way why it would not be able to do the same service in a few years for the same money apart from the question of the quality of programme.

MR. OUIMET: Apart from Mr. Dunton said about justifying in terms of dollars certain of the figures which we have already submitted, at least, in discussion with your consultants regarding the increase for future years, there is also the factor, and I think it is a very, very important one, that we must not underestimate the growth, the organic growth of TV. It is really in its infancy stages. Perhaps the country cannot afford more than a certain



amount per year but that will not stop TV from growing through some other medium or agency if necessary. There are so many things that are happening every day pointing out the need for more expenditures simply to keep up with the development of the art; colour is one of them but only one of them, one that we have singled out, and that one we have estimated roughly the cost of going into. It is a natural development, there are many things happening all the time in terms of equipment. For instance, when we started four years ago we bought certain types of equipment which, in relation to the equipment you can buy now, does not give as clear a picture. Well, obviously we have new equipment which gives a clear picture and old equipment still in use which does not give as clear a picture, so in the long run the effect of freezing this thing would be a little bit like trying to freeze the automobile industry in 1912 and ending up with a Model T Ford. Perhaps we will not be able to afford any more than a Model T Ford in Canada but I do hope we can.

MR. COYNE: Perhaps you do not wish to labour this, but would you agree that the cost of any particular level of service at any particular time is not primarily related to the number of sets being served? In other words, if you take the total cost of your operation that you plan for 1956-7, those costs are going to be the same whether there are four million sets or two million or one thousand sets.





MR. OUIMET: In certain limits you are right.

MR. COYNE: I mean, the limits are that you will have the same number of sets; at least you will be on the air the same number of hours?

MR. OUIMET: We will not have the same number of sets, at least, that is a question if you go back and say, "Why not freeze this year's level?" Suppose we had this Royal Commission a year ago, would not the question have been, "Why not freeze to the level of a year ago or the year before"? Well, obviously I think the important thing is not what you freeze at but whether there is service given to the public is it the type of service the country can afford or should have, or both; I think that is the criterion. Our \$15 scale is simply, I would say, an engineering conclusion, an engineering approach to this very serious problem in trying to cover in simple terms a very complex phenomena. The number of sets will grow anyway so we would reach the saturation point, and what would happen to this or that? We have to make many, many estimates, and this idea of a scale -- we tried it one year, we looked at the screen and said, "Is that too much?" We said, "It is not enough; we want to go further than that." We looked at it the second year and we said, "We have to go further, \$15 is not too much." This year we looked at it and say, "Should we stop here?" And the answer is, "No, we have to go further because of commitments of former years to round it out." It is for the Commission, not for us, and for Parliament following the



Commission, to decide whether the service we are giving now is the thing Canada should have, keeping in mind that the service coming across the border is not limited to that particular scale which we are speaking of.

THE CHAIRMAN: Let us assume that the service given now is, on any rough terms, regarded as being satisfactory, what are those added costs that you see coming? What kind of thing are they? You were talking about the dynamic quality, the growth of this industry, the fact that it is still in its infancy but I would think that when you get up to serving an 80 per cent coverage you are getting at least into your late adolescence, if not complete maturity. I recognize this art is going ahead, it is a moving thing and still relatively new, but at some stage surely the curve begins to flatten out.

MR. OUIMET: It does very rapidly and that is what is worrying us about the excise tax --

THE CHAIRMAN: Never mind that; I am talking about the curve of costs.

MR. OUIMET: The curve of circulation is flattening out.

THE CHAIRMAN: I am talking about the curve of costs.

MR. OUIMET: Well, our growth of cost of course follows that same curve and it is flattening out and in terms of our estimates, translated into dollars in respect to the rate we are thinking of, we probably have the 60 per cent market





now. I do not know how long it will take to get to the 100 per cent but definitely we had last year an average of one-third, 33 per cent per year for four years. Now, when we get to the point of 10 per cent, 20 per cent and finally ending up, I imagine, with 5 per cent or maybe freezing, I do not know.

You are asking for specific things. At the moment, the service is not satisfactory for most of the country because it is carried by kinescope recording and we have to give a better quality than that, so for that purpose and other purposes, because kinescope is not always delayed, we have to have a microwave going across the country. It will be in Winnipeg at the end of the year, and should be in Vancouver and Sidney and, we hope, in Newfoundland.

THE CHAIRMAN: I asked Mr. Dunton about what would happen and he said there would be some increase but not a very great increase in moving from kinescope to microwave relay when it is completed.

MR. DUNTON: There will be some saving.

THE CHAIRMAN: Yes, so you may get a slight net increase in costs.

MR. DUNTON: Slight in television can still be in terms of something high.

THE CHAIRMAN: That is one of the things I would like to see put into what you are working on now. What else?

MR. OUIMET: We have an item in our report in the main memorandum about increased coverage, we





said we could give some limited increase in coverage for the same amount we have been speaking of, we have to provide a number of programmes that have not been provided yet. For instance, in the field of public service we do not know for sure, school broadcasting, we are still experimenting and we may have to do more or less of that. Similarly, in many other fields of public service broadcasting, we have already mentioned that we should strengthen our Canadian productions. Well, I have a list of things here, early amounts that are involved and on this particular list we have one-half hour extra per day in French and one-half hour extra per day in English, and the amount is two and a half million dollars. That is just to give one-half hour per day extra in French and one-half hour a day extra in English. We feel that is something that should be done.

THE CHAIRMAN: That, of course, is the kind of thing I think you could quite easily say or Parliament could say, "Well, it would be nice to have an extra half-hour a day but it is not going to be." I mean, this is a possible solution of the growth of financial costs; out of your own statement, there is a question that it cannot be afforded.

MR. OUMET: That is right. Now, we have certain things we have to go ahead with; I have a list for a particular year of commitments, for instance, for salary increases to people on scales, who have agreements where they have certain



committed increases. I cannot say what is going to happen about fees paid to artists and so on, all I know is that as they get to be more popular and again, as more people look at them, the pressure from them is getting higher and higher for greater fees. There was an item on this list for general improvement in programming to keep up with the development of the medium, 2.2 per cent. I have already mentioned before, I believe, that there are in certain cases new stations coming in, and also our Halifax station is not finished, it has not got its studios yet, and we are not producing in Halifax according to the plan that we had a year and a half ago, and we won't do that until that station is finished. We have certain projects in progress at the moment and our operations are awaiting the completion of this process.

THE CHAIRMAN: That has been very helpful to me and I am sure to the other Commissioners. Do not hesitate to go on with this if you wish to, but I would like to see, starting, so to speak, from the present basis, an estimate made of these operation cost increases which you contemplate, bringing them down clearly as to how much each one will cost, so it is then possible to see that is a must, you are doing the microwave relay and this other about taking half an hour extra, we are not sure of that, and so forth. You could go right down the list and see what kind of cost trend there is in this thing in the near future.

MR. OUIMET: Without any regard to inflation.





THE CHAIRMAN: Well, we will have to do it in the present dollar basis.

MR. DUNTON: I forgot to make that reservation; anything we have given is on the basis of the constant dollar.

THE CHAIRMAN: It probably will not be a constant dollar.

MR. DUNTON: And we do not know how inconstant it may be.

THE CHAIRMAN: Go ahead, Mr. Coyne, if you have any further questions.

MR. COYNE: No, I do not want to pursue that subject any further at the moment.

THE CHAIRMAN: I have no immediate questions that I want to bring up; there will be some later, but I think we could give Mr. Ouimet a rest for a moment.

MR. COYNE: All I would add would be, according to my calculations, two million sets at \$15 amounts to \$30 million. The 3,300,000 sets which I have been given to think might be a reasonable figure in ten years would come, at \$15 a set, to \$54 million. Am I right in thinking this is the sort of increase which a \$15 scale would lead to?

MR. DUNTON: I might say that any figure we have been able to give would be low, smaller than we think would be practicable in relation to the costs you have to meet, or in adding a second to the service. This could be more clearly brought out on the basis you suggest, Mr. Chairman.

MR. COYNE: Well, can we return then, Mr.



Dunton, to your memorandum, and at page 26 you are referring to the financing and the capital facilities of the TV system. Could you just tell us very briefly, how the capital funds were made available to the CBC to construct these facilities?

MR. DUNTON: Very briefly, from loans authorized by Parliament. I might say, in the history of the Corporation, the Corporation is a slightly curious body, all its capital has come out of revenue, the only Corporation I can think of that has no capital in the usual sense.

MR. COYNE: That is what I was leading up to; you have no equity capital of any kind?

MR. DUNTON: No, we have to create a capital out of excess of revenue over expenditures in some year or another. Of course, we have no revenue in respect of television and to get it started Parliament authorized loans to the Corporation. The first loan covered not only the original capital facilities but also preliminary operating costs up to March, 1953, a load which we still carry, a charge on the Corporation still. So, actually in general terms, all our big capital expenditures have come out of Government loans in the last few years. If we had been moving on a reasonable income basis we would have been allocating money each year on a capital basis to capital needs, to pay off loans on a reasonable amortizing basis, and allocating further funds on a regular basis to the yearly needs of smaller capital or to the project ahead or under way. So that as it stands now our capital facilities have





come chiefly out of loans or some excess cash we had, but they are all still a charge on the income of the Corporation in the future.

MR. COYNE: That is, out of all the revenues you have to service these loans, pay interest and ultimately repay the capital?

MR. DUNTON: Yes.

MR. COYNE: Are the terms of repaying any capital related to the depreciation of your assets?

MR. DUNTON: Most of them, we try to get the best terms we can and the loans we have, repayment has not started for several years and has been spread, I think television was over twenty and then over fifteen, and in effect, we have assets which naturally depreciate but which we have not been able to pay back. Probably if we had been in a reasonable revenue position, even if we did not have to pay back the loans, we would have to make appropriate provisions for them.

THE CHAIRMAN: If you had been set up as a normal business corporation you would not have your capital?

MR. DUNTON: That is right; I say we have no capital stock.

COMMISSIONER STEWART: No means of accumulating capital?

MR. DUNTON: Accumulating capital or assets, we have to carry it out of excess of revenue over expenditures.

COMMISSIONER STEWART: On the other hand, you are a non-profit organization, and I would judge





from what has been said already that almost from the start you were expected to operate at a loss. In actual operations, any excess tax that you have is by reason too big an amount being given in one year by the Government for that year's commitments at the end of the year. At the end of one year it had not all been paid off?

MR. DUNTON: I do not think that is the picture at all. The Corporation has never operated on a private commercial basis, and as we have tried to show it, it never could as it is set up in Canada now; in fact, it has been given in two sources of income, one through public channels, the other coming from commercial channels, but they are income for the Corporation and the Corporation must through the years live out of its revenues entirely.

COMMISSIONER STEWART: That is the main job.

MR. DUNTON: We think it is perfectly plausible and can be done on a financing basis if there is a reasonable set-up. Actually, in paying interest on these loans --

COMMISSIONER STEWART: You are paying dividends on capital you never had use of.

MR. DUNTON: I think we had the use of it.

COMMISSIONER STEWART: You had loans.

MR. DUNTON: There is no equity capital, you are right.

THE CHAIRMAN: You have a problem there, there is a capital structure problem and you are in a position now where every scrap of capital you have got you



have got to pay back, you have no capital equity, so to speak; is not there also the problem not only of working out a plan which will assure you of a proper revenue picture but also some plan dealing with the capital structure in this Corporation?

MR. DUNTON: There is, but it has always been in our minds that there might be other solutions, that whatever provision for income there was should be taken as capital over the years and it will be up to us to see that we live within these means through the years, both for operating expenses and capital. To get over the hump, to meet the expenses one year and the paying of it back over the next few years. There may be some other approach, but that is the only one we thought of. The Massey Commission I think said that capital expenditures should be paid directly; we have never suggested that ourselves, we have felt it was financing, the Corporation would have to have the responsibility to improve on its obligations out of the capital over the years.

THE CHAIRMAN: Would you not have, you would need a capital reorganization --

MR. DUNTON: I suppose it is a question of how good an investment it was; that would depend a good deal on the possible revenue.

COMMISSIONER STEWART: Up to a point, in paying interest on all of the capital, you are paying dividends on moneys that were not yours to make use of. You are starting out as a non-profit organization, as I understand it?





MR. DUNTON: Yes, to make use of the funds temporarily, although we have to pay them back.

COMMISSIONER STEWART: Yes, but not the profit, you would be paying dividends?

MR. DUNTON: We are simply meeting a charge, borrowing that money for a time.

COMMISSIONER STEWART: But the amount of money in there is capital in trust, otherwise the Government have forced on you an impossible situation.

MR. DUNTON: We certainly had to meet the rate both as to rate and repayment on principal, as it is now.

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MR. COYNE: Does your \$15 scale include provision for the repayment of principal on those loans?

MR. DUNTON: Yes, it would include a reasonable capital allocation issue to meet interest, repayments of principal on existing loans and allocation for other capital expenditures through the years.

MR. COYNE: So that really you contemplate this repayment of capital as a charge against your overall revenue. There is really no difference between capital and ---

MR. DUNTON: Not quite. It won't show on our books as that. The law will say we have to meet those payments, and they will be met. The loans are on an amortized basis. A portion each year is for interest, and an increasing portion is applied to repayment on the principal.

MR. COYNE: But, of course, your projection of this \$15 scale must have contemplated those obligations to repay principal?

MR. DUNTON: That plus future capital.

MR. COYNE: Turning back again to page 26 -- and this is historical, I suppose -- you are referring to your forward estimate and say it was based on expected wide additional support from commercial sources. Could you say whether commercial revenues have, in fact, come up to your early expectations, or exceeded them, or fallen below them?

MR. DUNTON: I can give my version, and probably the General Manager will give his. I would say



they are just as good as we thought they would be when we had this number of television families in Canada.

MR. OUIMET: I would agree with that, except that we got the families earlier.

MR. COYNE: In other words, you made a pretty accurate forecast?

MR. OUIMET: That is all we can do because commercial revenues are based on that.

MR. DUNTON: This is my own judgment, but I think we would have hoped that we would have got a higher proportion of advertising supporting Canadian programmes than we have.

MR. OUIMET: Mr. Chairman, I think I should add something to this. In our budget in any year we budget the commercial revenues on a very conservative basis so as to plan our operations on the least we may get, so, generally, in the two years we have received more commercial revenue than we budgeted for, and we have proved in our budget we were not counting on getting more. We were being careful not to spend more than we got. Unfortunately, what we got over and above our budget we did not spend, and that is why we had a surplus two years ago, and a lesser deficit this year.

MR. COYNE: In that same paragraph you say that it did not cover the development of a high proportion of Canadian programmes. I think we have dealt with this before, and the present proportion,





as I understand it, on the English network is 15 per cent; what do you regard as a high proportion of Canadian programmes?

MR. DUNTON: From the present position, I would say anything higher than this.

MR. COYNE: Does "high" necessarily mean desirable in terms of programme?

MR. DUNTON: It is awfully hard to apply exact words. I think we had hoped originally, even on the \$15 scale, to do a bit better in terms of the maximum percentage, but, as I explained too, it is also effectiveness and quality of programming. In the opinion of the Corporation it would be a good thing to have the present proportion of effectiveness higher.

MR. COYNE: Is the proportion or amount of Canadian programming in any way limited by lack of talent?

MR. DUNTON: I would say not, no. Money.

MR. COYNE: You are not in any way concerned about being able to find sufficient Canadian talent to produce Canadian programmes of a sufficiently high standard?

MR. DUNTON: No, not at all.

THE CHAIRMAN: Do you really think that is right, Mr. Dunton -- I don't want to press it or argue about it, but it seems to me that this business in any country, even in the great United States with all its wealth, being able to produce day in and day out these very temporary programmes and keep up quality,



is one of the real problems of this television?

MR. DUNTON: It is a problem of television, but the question was whether we would have trouble finding the talent to fill more programmes, I gather if we had more money to do it. If we had the funds we could put on more Canadian programmes of pretty good quality.

THE CHAIRMAN: Well, these are relative questions, of course.

MR. TURCOTTE: You may find the talent and actors but not the script writers to create constantly?

MR. DUNTON: There is no question that the problem in this country has been script writing, but it is coming along a lot better both in English and French, and there has been some very interesting work done this season.

MR. TURCOTTE: The proportion of the French network is 80 per cent, and it is more expensive, as you say in the brief.

MR. DUNTON: The circumstances are a bit different in the two cases. I think it is worth suggesting that the French language television service in this country is quite a unique thing in the world. I think it is an extremely interesting and well balanced array of programming. It is not matched anywhere in the world.

MR. TURCOTTE: I mean, that you could possibly do the same on the English network but you don't feel the need of it. It would be expensive and not necessary, but in the case of the French





network it is necessary because you have no other source of supply?

MR. DUNTON: If Canada were on the other side of the world, away from the United States, probably then the English and French-speaking programmes would be more similar.

MR. OUIMET: This is correct, in my view.

MR. STEWART: Do you bring in any films from France or Belgium to assist you in your programming?

MR. DUNTON: Yes, we do.

MR. OUIMET: We do, and many of them are just as old as the American films we have.

THE CHAIRMAN: I had some talks when I was in Paris recently with the French radio-television people, and you probably know more about this, but they did suggest they were rapidly coming to a point where they could be much more use in terms of exchanging programmes, not only from the standpoint of them supplying programmes to you and them taking programmes from you, but also they even contemplate the notion of joint participation in production of programmes.

MR. OUIMET: We have already had conversations with them regarding that possibility. As a matter of fact, we had conversations with them as far back as two or three years ago, but their service was not developing as fast as they had hoped and they could not furnish programmes at that time.

THE CHAIRMAN: I think they told me they will not until late this year or next year be able to use kinescope.



MR. OUIMET: That is right. That was one of the major obstacles -- as a matter of fact, the major obstacle: no kinescope, no programmes.

---A short recess.

THE CHAIRMAN: Mr. Coyne, you were dealing with the section beginning on page 25, "Financial Requirements for Television."

MR. COYNE: Yes, Mr. Chairman, I had got up to page 31, but I was going to ask Mr. Dunton a question not directly related to this section of the brief at all.

I wonder if you could tell us why the assets of the international service appear in the balance sheet of the CBC with a contra entry on the other side?

MR. DUNTON: They are in the custody of the CBC. They are paid for by the Government and belong to the Government itself. They are in our custody and therefore they are shown as assets with an offset of liability.

MR. COYNE: Is there a statutory provision which requires them to be accounted for in that way?

MR. DUNTON: No, the international service was set up under an Order in Council.

MR. COYNE: In point of fact, although they are in your custody you do not own them?

MR. DUNTON: That is right.

THE CHAIRMAN: Your point is that that does give a slightly false picture of the assets of the CBC, if, in fact, they don't own them, to carry them in the asset column.





MR. COYNE: It has struck me, Mr. Chairman, it is rather odd in terms of ordinary accounting practice that they should be carried in that way, but I gather that is not necessarily the CBC's doing.

Turning to page 31, Mr. Dunton, at the bottom of the page where you speak of capital needs, you say, "The present production facilities of the Corporation are quite inadequate for the job it is supposed to do." Have you formulated any plans or projections as to the capital needs of the Corporation over the last several years?

MR. DUNTON: We have quite a number of different plans according to different possible scales of operation, and I could ask the General Manager to outline the essential position in terms of capital projects.

MR. OUMET: The inadequacy of our facilities is one of our most important problems, I would say. At the moment we are over-taxing our facilities to such an extent that in terms of operation I believe it costs us more to operate than if we had more adequate facilities. On the other hand, we haven't been able to provide more adequate facilities because we have to know at least two or three years ahead of time what our scale of operation will be in order to plan those facilities. So, actually we are always about two years behind because we are never sure of the amount of money we will have in any particular year, and we cannot commit the Corporation for facilities needed in three years unless we know we will be operating on that scale three years from now.





I am using the word "scale" in a different way from what it has been used before.

MR. COYNE: I think that is clear.

THE CHAIRMAN: Yes.

MR. OUIMET: And I should add, in case this is the only place where I have an opportunity to give you the detail on it, that we are dispersed all over the place. Not being able to base a long-term plan of facilities on a long-term plan of financing, we have to rent rather than buy every time we increase our operations, and as a result we are dispersed, as of today, in probably twenty locations in Toronto, and some sixteen locations in Montreal. Some departments, a big department like our design and storage shops in Toronto, the department itself is dispersed, and, of course, it would be much more efficient to get all these together, but we cannot proceed with the consolidation of all our facilities on the basis of an efficient layout until we know the scale of our operations sufficiently ahead of time to plan.'

MR. COYNE: I suppose if you had these more adequate facilities it would not only make your operations more efficient, but also less costly?

MR. OUIMET: That is correct. I use the word "efficient" again perhaps in a loose, engineering sense, including both money and technical performance.

THE CHAIRMAN: You would either make the same programme for less money or better programmes for the same money, or somewhere in between.

MR. DUNTON: Perhaps with a little less



wear on the humans involved.

THE CHAIRMAN: I wonder if I might ask Mr. Ouimet to amplify a little more on this. In what way are these costs increased? I can think of many of them, but I am inviting you to tell us about them.

MR. OUIMET: To take some simple example, which I think will illustrate this well, our storage is for scenery which is used in studios. If the studios are at one end of the town and the storage at the other end, and the shops for building the scenery still at another place, then you have a lot of transportation between the three locations going on every day, making elaborate scenery needed in one location, moving it by truck to the studio for use, dismantling it and sending it by truck to another location where it will have to be moved from again the next time it is used. That is for transportation.

We have the same problem in terms of overtime of our personnel. We use our studios now, and we have so few of them they are used round the clock -- at least our larger ones -- and we have to set up our scenery early after the day is ended -- late at night, in other words. If the last programme ends at eleven o'clock, immediately the crews come in to dismantle the scenery; we call it "to strike the scenery." They take it down and move it somewhere else, and the trucks come in with new scenery and set it up during the night. The lighting men come in at maybe five or six o'clock in the morning so that by eight o'clock the studio is available, and the camera men,





the technicians and the artists can rehearse about eight hours and be on the air by eight o'clock. Obviously, this 24-hour operation involves night-time work or overtime, all of which is paid for at higher rates according to our union agreements, so it involves a lot of overtime.

If we had more studios we could limit the work within the periods where we pay only straight time instead of time and a half, or something like that.

MR. COYNE: Could you tell us by any chance how much you spend on trucking? That may be a difficult question to answer.

MR. OUIMET: Well, for the whole country, I don't know, but for Toronto and Montreal -- yes, in all we figure we spend about \$300,000 in Montreal and Toronto in a year.

THE CHAIRMAN: That is just moving the scenery back and forth from storage to the studios?

MR. OUIMET: Yes.

MR. COYNE: And if you had adequate facilities you would save most of that amount?

MR. OUIMET: If everything was at one location we would save, but that depends on the location. If we were in the centre of a town, as we are now, where it was important to be when we first planned this, because the radio artists were also those who worked in TV and we had to be near other studios or we would not have had the artists come to us at the start. This has changed quite a bit, and I think if we moved out, the radio artists would



still come to where we are. However, I am not saying it would be good business to use very expensive land to build the storage type of building; and there is the compromise between the two. We may still have some dispersal or separation between the storage function and the production function, but we should not have any separation between the building function and the storage function. Of course, the separation should be as small as possible.

THE CHAIRMAN: What about that question you touched on as to what looks like the kind of locale in which the complicated television programming operation can best be done? I don't know your Toronto situation, but I do know the one in Montreal very slightly, which is right downtown in the centre of the city and scattered in twenty locations in that area. Is it practicable for the programming to be done in something right out at the edge of the city?

MR. OUIMET: I would say as of today it is. Four years ago it would not have been a good thing because at that time TV was just starting and a lot of people didn't have too much faith in it. Actors and available talent were not too sure they wanted to get into it, and their normal business was with our existing radio studios, and other radio stations, which were not in that area. So, they would not have looked with favour on an out-of-town location, which would have required travelling, because they would have missed some of their engagements on the radio. As a matter of fact, in Montreal at that time various





artists were finishing a programme at 7.15 in one studio and naturally had to report for the next programme also at 7.15 at another station. Of course, they had about two minutes to get there in a taxi. Now, though, this is not a problem. In the light of today's conditions, being out of town would not be a problem, to put the major part of our facilities there, but we may still need a couple of studios.

THE CHAIRMAN: Well, for panel discussions and that sort of thing I can understand you would want to keep that central, but for your main spectacles, as it were, you could have that out -- your scenery making facilities and storage facilities on relatively cheap land?

MR. OUIMET: More cheaply, and do a better job, I would say. On this question there is also the problem that we are already in locations downtown, and the question of whether we should move out of town depends on the scale of operation we anticipate in five, eight, ten years from now. If there was practically no increase, then the present location, although not good, would have to do, probably; but if there is any increase at all, we should think of a plan that would get enough land to take care of possible future expansion and expand horizontally instead of vertically and in a place where there is enough space for parking, for example, which is a terrific problem in Montreal and Toronto -- Montreal particularly -- for artists

MR. COYNE: Do I understand that you have not formulated exact estimates or projections of capital expansion as yet because your scale of operations,





which is based on revenues, has not been determined?

MR. OUIMET: Tentatively we have worked on rough estimates on capital to go with each one of the possibilities contained in the main brief, and generally speaking -- well, not only generally speaking, but in all cases the cost given for the annual operation of this additional service includes the cost of the capital needed for it in terms of an amortized amount for each year. In other words, when it is said in the main brief it would cost \$4 a year per TV home ---

THE CHAIRMAN: Radio home?

MR. OUIMET: TV or radio home, it includes the servicing of the loans necessary to build the facilities needed.

MR. COYNE: But even if your operations were frozen, say at the present level or at some level slightly higher, isn't it likely that given the necessary capital funds you could reduce the costs of your present operations by constructing more adequate facilities?

MR. OUIMET: This is correct.

MR. COYNE: You would save in rents, you would save in such things as trucking, and all the additional costs that result purely from the locations in which you are operating?

MR. OUIMET: This is our opinion, yes.

Mr. Dunton just mentions to me that this is correct within certain limits: it depends what you are referring to in terms of new construction. There is a certain amount of new construction that could be



undertaken which would pay for itself in saving in operation, but not beyond that amount.

MR. COYNE: It might not only pay for itself but even pay more, wouldn't it? That is, your cost of servicing the capital loans required to construct, it may be less than all these costs you are faced with at the moment?

MR. DUNTON: I would guess it would probably not come out as a net saving because of the way things work out. I think in any plan or organization you would have a more efficient plan and do a better job and save some money doing it, but it is a better plan, and operating it won't necessarily save all the extra cost of amortizing that plan.

MR. OUIMET: It is like changing cars; you give up a 1951 model for perhaps a 1956 model.

MR. COYNE: Well, this is the sort of thing accountants could determine in dollars and cents, I would suggest.

THE CHAIRMAN: I don't know what the cost of these buildings is, but if you could wipe out the \$300,000 a year trucking charge you could carry quite a lot of capital investment on that saving, couldn't you?

MR. DUNTON: You could, but you still have to move scenery some distance.

THE CHAIRMAN: Oh, surely.

MR. DUNTON: There would not be all that saving.

THE CHAIRMAN: But I am saying you are





working with that one item we have discussed, which is a fair sized chunk of money.

MR. DUNTON: As the General Manager pointed out, building in the present circumstances, the whole big building for storage and design shops on very expensive properties -- and they are right in Jarvis Street -- runs into a big capital amount, and it has to be carefully studied to see where the relative advantage lies.

(Page 375 follows)



MR. COYNE: Going on to page 32 where you refer to commercial factors, again you say at the bottom of the page that the Corporation:

"... cannot reasonably increase the  
"proportion of commercial broadcasting  
"greatly on its existing stations,  
"although as audiences continue to  
"rise it should be possible to make  
"further rate increases."

What do you mean when you say the Corporation cannot reasonably increase the proportion of commercial broadcasting, are you thinking in terms of programming considerations?

MR. DUNTON: I think the matter of policy in that case, it should have been separated out further, not that we would not be glad to see some of the Canadian programs sponsored but with the kind of hours on the air now, the number of spot announcements and syndicated film programs is pretty well at capacity.

MR. COYNE: So when you say "reasonable", you mean in relation to the desirable program content?

MR. DUNTON: Yes,

MR. COYNE: But if you choose to change your present policy in respect to spot announcements and that sort of thing you are not meaning to say all the available advertising revenue has been got?

MR. DUNTON: No, there is more, there is



potential revenue in connection with most of our stations but we doubt if we should try to show-horn more spot announcements in.

MR. COYNE: You say in the same sentence:

"... although as audiences continue to  
"rise it should be possible to make  
"further rate increases."

Have you made any projections as to the possible increases in rates that you might be able to .....?

MR. DUNTON: They are not made, they could be made pretty quickly because, as I said this morning, in the Canadian system there is a general agreement on the level of rates in relation to size of audiences which we hope we will be able to hold to over the years. We can see some increases coming particularly in the slightly newer television areas. After all, Toronto and Montreal are pretty well 80% saturated now and we do not expect increases there but some of the other areas may be.

MR. COYNE: And the rate increases are related to the number of customers that the sponsor is able to reach through your program?

MR. DUNTON: Right.

MR. OUIMET: May I add a word? We certainly have made projections, as a matter of fact, we change our rates every six months and there will be one due in July so that one is projected. Furthermore, we know simply because of this pretty well the mathematical curve related to the number of sets, what it will be, 85% or 95%, the saturation of any





market. It is based on circulation and, having started the way we have, the rest of the way we have to go is pretty well indicated.

MR. COYNE: Of course, saturation is limited to present population or number of householders in the area, as the population increases the number of sets will increase.

MR. DUNTON: We have taken that into account.

MR. COYNE: Now, on page 33, I am not sure, we might have dealt with this -- you say:

"Commercial returns help somewhat to  
"defray the costs of adding new pri-  
"vate stations to the network ----"

Now, what are the costs of adding new private stations to the network? Is that merely a question of the additional network facilities that are required?

MR. DUNTON: If it was to be connected by micro-wave the cost of that connection or the station being added by television recording service, the cost of the recording service.

THE CHAIRMAN: That is the one hundred thousand dollars we have been talking about?

MR. DUNTON: Yes.

MR. COYNE: That is an overall average?

MR. DUNTON: The overall average on television recording or micro-wave.

MR. OUIMET: For instance, if we have more stations, it costs us more for our news and, generally speaking it also involves more costs as far as we are concerned, more problems, more inter-relation



between the CBC and the station. There is the overhead involved and also there is a change as this gets bigger and bigger for our performers to feel their audience getting bigger and perhaps their fees should be bigger. It all contributes to the inflationary tendencies of the system as it grows.

MR. COYNE: Why do you say it will cost you more for your news? Is that on the basis of the number of people reached?

MR. OUIMET: Like newspapers -- it is not the number of people but the number of stations.

THE CHAIRMAN: You are speaking of news you buy from news services?

MR. OUIMET: That is correct.

MR. COYNE: In the consideration of license applications, is that fact of these additional costs upon the CBC, budgeting a factor to be considered in recommending or denying an application for license?

MR. DUNTON: There is an application now on which the Board has recommended deferment simply because of the cost, of the economic factors involved, an application for a station in the interior of British Columbia which would be leaning heavily on national service and therefore the CBC would have a considerable cost to meet in providing service to the station. There is not a very large number of people but people who want television actively and the Board felt that until they could see the financial future clearly they would not recommend it. If they take on that additional cost the rest of the service





would suffer, in theory that would happen. Also we have to face the fact that we have to keep some sort of fairness and if this one was approved there would be a number of similar applications and we want to try and treat areas on as equitable a basis as possible.

THE CHAIRMAN: Mr. Dunton, I wonder if I might ask you a few questions -- is this in the middle of something, Mr. Coyne?

MR. COYNE: No, it is not, Mr. Chairman.

THE CHAIRMAN: It is moving to an entirely different point but I think the Commission is very pleased that you brought so many of your governors here to these meetings and I am afraid if I do not ask some questions about the governors they might all get away from me tomorrow. I am interested in several things in this regard; you have a Board of how many members?

MR. DUNTON: Eleven, there is one vacancy.

THE CHAIRMAN: Yes, and how often does the Board of Governors meet?

MR. DUNTON: It usually works out to five or six times a year and for three-day meetings.

THE CHAIRMAN: Naturally I am not going to inquire into the way the Board of Governors do their work because that is their business but I would be interested in the sort of proportion of the time that is devoted to different questions and subjects; how much is on the purely technical side, on granting licenses and holding public hearings? How



much, on the other hand, is on what you might call the policy definition side and how much is devoted to what you might call supervision and direction of management by the Board?

MR. DUNTON: It would, naturally, vary.

THE CHAIRMAN: Of course it would.

MR. DUNTON: And quite a good deal from meeting to meeting. The general pattern of our meetings is that we cover on the first day and deal with the Corporation business of that day, different kinds which would usually include the two categories that you mentioned, both the policy definition and supervision, and checks on what has been going on, making recommendations, raising questions about what has happened and makes decisions and a great variety of work is involved dealing with all the aspects of the Corporation's activities that have to be decided on or reviewed or considered in one way or another by the Board. It is a very uncertain factor. Then it has meetings, public appearances and the time that people will take when they do appear varies a great deal.

THE CHAIRMAN: Public appearance for what purposes?

MR. DUNTON: Mostly in connection with license applications, change of frequency or that sort of thing. As you know, they are referred by the Department of Transport and before making a recommendation we give public notice and give people an opportunity to appear for and against and make any representations they may



have about an application. This may be very short, nobody may appear before us or it may develop into fairly controversial matters between stations or between the applicant and existing stations or between two applicants. That varies a good deal, the length time may vary a good deal. After that is finished the Board goes into ordinary session again, makes decisions on those matters that have come before it and concludes its general corporate business of various kinds.

THE CHAIRMAN: Well, just in a very rough and ready way, it would look like something more than half the time was devoted to the hearing of applications and the decision on those applications.

MR. DUNTON: I think rather less than half the time, somewhere closer to one third I would say, but, that is in the actual time of meetings. Other work is in reading reports, considering material sent to them and that sort of thing.

THE CHAIRMAN: That was my next question, to what extent does the Corporation call on its Governors for more continuous advice and guidance and so forth?

MR. DUNTON: There is an executive committee of the Board which called for actual decisions between Board meetings and things which need urgent action. Then, individual members or member collectively may be called on for discussion by telephone or letter or otherwise; collectively if it is a fairly important matter. So, as you see, we have a fair variety of people on the Board and the management and people will discuss matters with the members because they have special knowledge or by reason of geography





or because of the work and interest.

THE CHAIRMAN: The purpose of this questioning is by no means in even a breath of criticism, it is just lack of knowledge on my part and desire to know, and also discussing of the point you touched on yesterday that this is a very peculiar kind of corporation. You spoke of using the corporate structure as a means of trying to introduce business efficiencies and so forth into the operation, but, nevertheless, it is different in one way, it being a public corporation you have no shareholders, or, at least, everybody is a shareholder.

MR. DUNTON: A great many, we often think.

THE CHAIRMAN: Yes, but the point is that the normal shareholder to director relationship cannot exist in the public corporation. In some public corporations it is replaced by the more direct and detailed context which will come from the Government or from Parliament. In this field there are the dangers you mentioned, the dangers of getting the Government into the propaganda business. The direct relationship is difficult in many ways and it seems to me that the task of the Board of Governors is a peculiarly difficult one and an important one in the overall set-up.

I am just interested in this whole question of how the Board of Governors operates and how much control it exercises in fact or is able to exercise.

MR. DUNTON: I think there are several factors which enter into the work. I think all the members of the Board will agree that the majority of our meetings are pretty strenuous. On the other hand, the Board includes



representation from all parts of Canada, it is not so easy to draw people from their occupations in British Columbia and Newfoundland because so much time is consumed in travelling, therefore, we have to have meetings not as often as the Board of the BBC does, for instance, but which are rather more intense. It is hard for us to say.

The members are not experts in broadcasting and I don't think they are supposed to be. Presumably, the paid Chairman should know a bit more than the other members, but the other members are essentially representatives of the public of Canada with responsibilities. They need to know and must do acquire a pretty good knowledge of the work of broadcasting, and they make an effort to reach the public in trying to make the important decisions.

I would point out, in the shareholder relationship that we certainly have made no suggestion of not being directly responsible to Parliament. We do feel the pressure of the shareholders in public in a very direct way, I think as direct as most people, because I had one the other night at 11:30 by telephone and that is a very real form of shareholder pressure, and that is met by the Board in various parts of Canada. They are the sort of things that befall the operating people in the C.B.C. and the Board itself. The various kinds of public information about its programs comes from direct reporting from Parliament, the annual report and the parliamentary committees. I think there is a big difference between ourselves and the Government departments in that they report through the Minister and the Minister is responsible, and, of course, exercises his responsibility very directly.





On the other hand, I believe we have probably had Parliament exercise its responsibility vis-a-vis the Corporation rather more fully than most Government departments for Parliament, acting as a whole through its committees spend a great deal more time looking at this activity than many others, and, naturally, the Corporation has to a large extent guided itself by recommendations of Parliamentary Committees.

THE CHAIRMAN: That leads me to my next question, I was struck with your statement yesterday in the opening when you said that you were seeking to provide a broadcasting service in the public interest. How do you get at that public interest? You have done it in many bits and pieces but I would like to see if you could put it all in one piece.

MR. DUNTON: It is a very hard thing to define, I think essentially any individual has a different view as to where the exact public interest lies in broadcasting. As we see it it stems from the broadcasting act which said that there should be a National service, and we understand it is national in the scope of coverage and at least a good proportion of it should be good entertainment, it should be national in that sense, but also national in its sense that it is of use and of interest or potential interest to at least a very large portion of Canadians with all their different kinds of interests. Those are the complications of measuring the degree of public interest, and where it lies. Some, again, suggest that where to find out where the best public interest



lies in broadcasting is to take a vote and see what programs most people like and put them on all the time and then you would get the greatest possible degree of public interest. However, I think we would all agree that in effect in that way you may be pleasing quite a fairly large number of people a good part of the time but there would be also very large sections of the public who would be getting no service at all. So, in trying to meet public interest the Corporation in all its activities has to be constantly trying to find and balance that system in the circumstances and the means available. We try to meet the public interest in the greatest possible degree and where possible to make a decision on public opinion.

THE CHAIRMAN: I am interested in knowing how that public interest is assessed, for instance, obviously it is not just the officials of the C.B.C. who are assessing the public but to what extent does the Board of Governors concern itself with this matter of formulating a plan in a framework of broadcasting in the public interest?

MR. DUNTON: I would say to quite a large extent in two ways, both in reviewing the policies, deciding what should be done, but the other way is by looking at suggestions from the operating side or weighing the operating side and saying, "This looks like a good start", and the Board considers that and decides that it fits reasonably into the broadcasting pattern, is a useful element of the broadcasting service, and it does see the flow, the stimulus is going both ways, all the way up and all the way down all the time. I do not think





anybody can sit down at any one moment and put down an exact pattern and say that this could be public interest broadcasting in Canada for the next ten years having one-half hour of something and an hour of something else, and we do not believe it could be done. We think the best thing is to work at it, continually weighing things with the Board having the final say in an over-all way, but using for guidance its sense of the various elements of what the public want or what expressions there have been from matters raised in Parliament.

THE CHAIRMAN: Well, take the specific matter of program development and production, I do not mean the technicalities of it, the sort of over-all program, I think it is true that the objections and performance of broadcasting are mixed. There is the element of public information to start with, there is the element of something they want, it is an extension of public opinion. It might be education or entertainment and also there is the sale of goods.

Now how do you balance this up, all these different factors that weigh on making a complete program, a balanced program?

MR. DUNTON: At no one session or meeting of the management or of the Board. In the development of a service in television you start with a fairly simple pattern, with a rather small number of hours, and naturally you have some entertainment of the lighter kind, perhaps sports and some news. You bring in some other kinds of information programs and try to get some other worth-while things, some creative works of real





importance. You start off with a rather simple pattern, a small number of hours and simple plans, and then the job of the C.B.C. is to see how it can be improved in this way, perhaps an element is lacking, there is not enough reflection of what is going on in Canada to-day, or it is weak in Canadian music or in music in general, or perhaps there is a lot of discussion.

Then the Board meets and has a discussion as to what is going on, and it is modified. I think it is very valuable to get a notion on how these various factors are weighed.

THE CHAIRMAN: What I want to know is the extent to which the Board of Governors participates in the formulation of a balanced program.

MR. DUNTON: In broadcasting it would naturally come more in the form of reviewing, since the Board as a whole is not at work all the time it depends more on the whole program operating side of the thing. The Board may look at results or look at proposals and sees what seems to be going on in a certain area, and can then say that there seems to be danger here of over-balancing.

THE CHAIRMAN: Well then, the question of minority groups and their minority interests, I suppose this has to be weighed as well?

MR. DUNTON: You are referring to minorities, it is a word I try not to use because to me there are no majority and minority groups in broadcasting. They are decisions which are larger and some smaller, and I think it is a fact that there are different sizes of groups for each type of program that overlap a great deal.



We feel there can be danger in terms of the popular programs, the kind people want, and another type of program for the highbrow that only some people want; there are kinds of programs which larger numbers of people will look at, the Grey Cup, the Stanley Cup, and that sort of thing, they will draw a lot of people but not all of them. There are other programs only small numbers look at, but we know in many cases we overlap. We know there are many people in the country who like Wayne and Shuster, and the Press Conference done in an interesting way with someone in Ottawa; people who will get a good deal of pleasure from the Ed. Sullivan show in New York. There are other people who have no use for a certain Canadian variety show but like another, and will disagree completely with their neighbour. You can only go by the pattern, you never know what it is exactly but having the objective and trying to reach it in a reasonable way, and particularly seeing that the slightly more specialized, I would say only slightly more specialized, are well served, and we hope in effect in an interesting way, we are wondering, we are interested in how important a program is of this kind. In other words, you get an interesting kind of discussion program which may get a lot of things across to a great many people, and if it is not done well it will get nothing across. Therefore, it is most important to concentrate on not only timing but what is attempted.

THE CHAIRMAN: In closing, I will quote you a phrase from a book, "In broadcasting it is necessary to





fight good taste as well as bad and oppose the cultured as well as the uncultured; monopoly is a hard task-master."

I am afraid there are more things and we will need to bring you back tomorrow morning at ten o'clock. I had a word with Mr. Coyne during the adjournment and our expectation is that we will finish if possible by noon tomorrow with the idea of the C.A.R.T.B. going on after lunch, unless we can finish in the morning, in which case they can file their brief and get started in the late morning.

---Whereupon the Hearing adjourned at 4:40 P.M.

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ROYAL COMMISSION  
ON  
BROADCASTING

HEARINGS

HELD AT

OTTAWA, ONT.

MAY 2, 1956



OTTAWA, ONTARIO,

MAY 2/56.

...UPON RESUMING AT 10 O'CLOCK:

PRESENT:

THE CHAIRMAN	ROBERT M. FOWLER,
COMMISSIONER	EDMOND TURCOTTE,
COMMISSIONER	JAMES STEWART.

.....

COMMISSION COUNSEL	JOHN M. COYNE,
	A.J. deGRANDPRE

.....

SECRETARY	PAUL PELLETIER.
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THE CHAIRMAN: Mr. Dunton, before we open the proceedings this morning I would like to tell you how shocked and sorry we are to hear of the death of Mr. R.J. Fry, one of your Governors, who was here yesterday, and assisted you, and the day before, I think. It was a very sudden thing, and we wish to express to the Board here our sympathy, and will you convey to the members of his family the sympathy of the Commission.

MR. DUNTON: Thank you, Mr. Chairman. It has been a great shock to all of us to hear of the death of Mr. Fry





during the night. It is a great loss to the Corporation, and to all broadcasting in Canada, and to Canada itself. as well as to his very many friends. The C.B.C. has lost a Governor of a number of years' standing, a very wise man, a man of quiet and yet very wide understanding of Canada and the people, on the issues and things of Canada in the way they happen; a man who was of great assistance to the Board of Governors, and who had a genuine and a very decisive interest in broadcasting, based on long experience in other means of communication.

His interest was a very natural one, and a very great and deep one. Besides that the members of the Board and officials of the C.B.C. have lost as well as a counsellor a very great friend. He was a very kind and generous person, and we will miss him very much indeed.

THE CHAIRMAN: When we adjourned last night I think I was in the midst of some questioning which had sort of reached the end of a chapter. Would you like to go on from there, Mr. Coyne?

MR. COYNE: Yes, Mr. Chairman.

I think, if I may, before going forward I would like to go back to one or two points which were raised yesterday, and just ask Mr. Dunton one or two questions for clarification. The first one arises out of this question we raised yesterday as to the inclusion of the International service assets in the C.B.C. balance sheet.

Is my understanding correct that this procedure is a requirement of the Order-in-Council setting up the International service, and which provided for the C.B.C. to act as agent of the Government and



managers of that service?

MR. DUNTON: I would have to refresh my memory. It is my understanding it is either in the terms of the Order-in-Council or arises out of the Order-in-Council.

MR. OUIMET: I would like to think about that.

MR. COYNE: But as far as you understand at the moment it is something that is required of you? Not something you do as a matter of policy?

MR. OUIMET: The assets are given to us, and are in our custody, and we are responsible for them. They are not assets of the National service of the Corporation but they provide for International broadcasting, and we are in charge of them, and therefore they appear as an asset, and also as a liability offsetting them.

MR. COYNE: Would you tell us very briefly what those facilities include?

MR. DUNTON: Very briefly they are the Radio Canada building in Montreal and the transmitting plant at Sackville.

MR. OUIMET: That is correct. I don't think I can detail it any more than that because there are only these two properties; the Radio Canada Building, the property on which it is built, and some properties in Sackville.

I should mention to you that this has been required of us. Furthermore it has been audited by the





Auditor-General for a number of years on that basis. It was something that was done before I became interested in such things, and I have never checked.

MR. COYNE: Is it correct that the C.B.C. pays a rental for the use of the Radio Canada Building?

MR. OUIMET: That is correct.

MR. COYNE: Can you tell us something about how that rental is computed?

MR. OUIMET: Yes, because recently we had an independent appraiser who was appointed after consultation with the Government officials, and the rental was based on the recommendation of the appraiser.

MR. COYNE: On the basis of so much per square foot?

MR. OUIMET: Yes, so much a square foot for the facilities on the basis of prevailing rates.

MR. DUNTON: It was set originally on a similar basis. The building was acquired by the Government with a vote provided for by Parliament for the International Service, and the National Service of the C.B.C. was also going to use an increasing amount of space, and, at that time, when the question of payment arose the same procedure was followed after discussion with the Government. An independent appraiser in Montreal was asked what he thought the rent per square foot would be, taking all things into consideration, based, I think, at that time on a five year lease, taken in 1949 about. Anyway at the time the agreement between two people dealing at arms' length would have been made, the negotiations or appraisal had been made, and the rent raised, unfortunately for the C.B.C. National Service.



MR. COYNE: Turning for a moment to a question I think I asked yesterday...

THE CHAIRMAN: Are you leaving the question of the lease?

MR. COYNE: Yes, I think so.

THE CHAIRMAN: What is the overall rental cost? Is this about right; \$300,000?

MR. OUIMET: Oh yes, I think it is that much all right. It is about \$300,000. that we pay. There is some space used by I.S. Actually I.S. are using a number of floors. We are using for the National service some of the other floors.

THE CHAIRMAN: I think we may have run into it together in going through some accounts. This is about twenty-five percent of your total rental paid, isn't it?

MR. DUNTON: I think that is right.

THE CHAIRMAN: The thing that mystified us was that there were forty odd rental spaces, and this is one, and a large one, of course, but it represents about twenty-five percent of the total rental?

MR. DUNTON: That is about right.

MR. STEWART: Is that about twenty-five percent of the total area used by the C.B.C.? That is probably an unfair question because I understand it is centrally located in Montreal?

MR. OUIMET: May I check?

MR. DUNTON: I doubt if it would in the area because in television we have so many big areas for storage.

MR. OUIMET: I have the exact figures in answer to the question by Mr. Fowler, and they are





these: 209,400 is paid by the radio and integrated services, and 91,600 by the T.V. Service, so actually it is 301,000.

MR. COYNE: Do you know whether when this rental basis was being fixed, the fact that the Government doesn't have to pay any taxes, this was taken into consideration?

MR. DUNTON: I don't think so. My memory is that the appraiser based it on the same consideration as would apply to an ordinary landlord, but you would have to look back to his report.

MR. COYNE: So whereas the ordinary landlord is required to pay taxes out what he gains in rent the Government is not?

MR. DUNTON: I understand the Government makes some ex gratia payments in certain cases. We do, as you know, in many cases.

THE CHAIRMAN: But, as far as you know, that factor was not taken into consideration in the appraisal?

MR. DUNTON: I don't think so. A point I would like to add is we feel it might be a matter for consideration based on the higher rent whether it would not be a good arrangement from everyone's point of view for the National Service to buy the building because at this level of renting we could amortize the cost of buying it or perhaps come fairly close to the cost of buying it and it would settle this situation, which disturbs some people of the corporation renting a lot of space in a building which is, in fact, owned by the Government.

I don't think we have the actual detailed





figures on how the two arrangements would compare but I don't think it is advantageous now if we had to get a loan of money now to buy it and amortize the loan.

THE CHAIRMAN: Go ahead, Mr. Coyne.

MR. COYNE: I was going on to another subject in this process of reverting back to some of the answers yesterday, Mr. Chairman.

I understand from what you have been saying so far that the proportion of Canadian programming on your English T.V. service is approximately fifty-five percent?

MR. DUNTON: Approximately in the network service. That would vary, of course, from season to season, and from week to week.

MR. COYNE: It is simply a rough over-all figure?

MR. DUNTON: Yes.

MR. COYNE: But you have also said that it would be desirable to substantially increase that proportion of Canadian programming?

MR. DUNTON: In our opinion it would be.

MR. COYNE: Yes, in your opinion, quite. And you also say if the funds were available to permit that substantial increase you would have no difficulty in finding the Canadian talent to provide the programs?

MR. DUNTON: No, we don't think there would be any difficulty in finding talent.

MR. COYNE: Some information has come to us



that even in the United States the networks are very much concerned about finding sufficient talent to program their networks, and we have heard that, for example, they are importing programs from Australia and England and other places, partially at least because they have difficulty in finding sufficient talent in the United States?

MR. DUNTON: I don't think it is really a question of finding talent, or the amount of talent. The United States is full of talent of all kinds. Thousands of people would love to get on the networks, but surely what you are really thinking about is the enormously and intensively competitive situation between the networks in the United States. When they are talking about suitable or getting good talent they are talking about somebody who will manage to get 5,000,000 more listeners away from a show on a Saturday night, or will do better in opposition to an enormously popular show on a Sunday night. I wouldn't say there is a shortage of talent, but when they are importing talent it is a matter of economics. There is no shortage of material. It is probably a matter of economics. If there is a good show available from England at a reasonable price the network may decide to buy it, but there are still a lot of Americans who would like to get on the network.

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THE CHAIRMAN: But it is not a question of wanting to get on the network. It is a question, isn't it, where here you have got a medium which is very fleeting. It is not like a movie which you can repeat and run for six or eight weeks. You can repeat a programme occasionally, but not often. It is not like a play which may run for several years, once you have got your production costs. You have got an enormous pot into which you have to pour talent all the time, and I have heard it stated, and I will read this to you without naming the author, and he wrote recently and said, "I don't believe there is nearly enough decent talent in Canada, or for that matter anywhere else, to provide good programmes all day and every day. The increase in numbers of stations will give opportunity to more people but will also spread the limited talent even thinner than it is at present, and the end result is almost certain to be more hours of trash and tripe for viewers."

I would like your views on this, because it is one of the things which is repeated and repeated in many of the briefs.

MR. DUNTON: I will start with my view. In the first place, I think the Canadian public are now demanding and will continue to demand a large and increasing amount of television programming of one sort or another. They will insist on that, and Canada will not be able to escape. It will come in certain ways: it is available in the world in all sorts of forms; film form or kinescope, old movies



or new movies. It seems to us that the great question is, what Canadian participation there is in that programming and what degrees of quality there are in that programming, in the Canadian part of it and in the imported part. I mean "quality" in the sense of the kind of balance. Some of the more important aspects of life have something showing on the surfaces, and there is light entertainment, and if we are going to have some fun in Canada we must do it well and see that it will stand up with American material. That seems to us the big issue -- not how much programming. There are going to be thousands of hours of programming in Canada.

THE CHAIRMAN: That is really our question too -- Mr. Coyne's and mine. It is not the question of volume: surely the public will ask for more hours, but "hours of what" is the thing.

MR. DUNTON: That is why I think our position has been so misunderstood. The CBC in the last few years have not gone out to put on the greatest number of hours. We could have more hours now for the same money, but less quality. We have tended to concentrate more on the quality of the programming. Therefore, the question raised by Mr. Coyne is not just that there should be more Canadian programmes, just to fill up more hours; but it was rather the emphasis of more Canadian programming, or more effective Canadian programming to fill part of the hours of television programming which are going to be inevitable in any event.





MR. OUIMET: Mr. Chairman, I would like to add something to this, because your question reminds us really of our own questions in 1950 or 1951 or 1952. I remember when we started we had programming for two hours a day, and also much simpler programming: one play perhaps every four weeks instead of once a week or twice a week or three times a week as we have to do now, and at that time we wondered about it, and actually it was fairly difficult at the start to get all we needed. In the field of writers, for example, it was difficult. I would say it is easier today to do five times as much as we did then because we have developed talent and there is a lot more to be developed, and I think that is one of the things TV is doing. Another thing, you were comparing it with a play. It is true it is a fleeting thing in TV. You put on a play and it takes one hour and it is gone, but it is not fleeting because even in Canada where we have a small population and still a limited circulation perhaps half a million or a million people have seen it, and that is probably a greater number than ever saw it before, say, for three hundred years or since it was written, in any theatre in the world.

THE CHAIRMAN: I was not directing myself to the overall total impact. In other words, in one hour you may get as many viewers as you would get for a play that ran for six months, depending on the number of seats in the theatre. But, because it only takes an hour it means that you have got to have something ready for the next act. It is





the problem of the volume of flow of talent and good performance that is required in order to keep up to the quality that should be kept up over a long period where you don't have any repeats. After all, a theatre manager, once he gets a good play in, all he needs to do is to keep on selling the tickets.

MR. OUIMET: I don't know what Mr. Dunton thinks about this, because we haven't discussed it before together, but I would say that the quality even as it is now, even considering that we have to continue this flow from hour to hour, is generally as good as, for example, what the motion pictures houses will provide week after week, or any other form of entertainment. Some is better, and some not quite as good, but the quality, we would like to improve it, but considering the number of years we have been operating, I think it has reached an encouraging level and speaks well for the future.

THE CHAIRMAN: Well, that is one of the subjects on which I hope we will have comment as we travel across the country. However, let us assume that your statement so far stands up, that you have achieved a good quality; have you looked into the question of export of your productions?

MR. OUIMET: Yes.

THE CHAIRMAN: If there is anything in these suggestions which reached us that in certain respects the United States broadcasters are, in fact, reaching even as far as Australia for certain programmes -- and I will tell you quite frankly and this is not to



be regarded as anything but a personal view, I did see your production of Macbeth last fall which I thought, from my view, and being only one member of the public, the kind of thing which was as good in its line as you could see anywhere. Is there any chance of exporting the Macbeth programme?

MR. OUIMET: There is, except that we have to take into consideration the additional cost involved, because under our present agreements any exporting of programmes involves greater fees to be paid to the artists, and this is in the process of being negotiated to bring it to a level which we think would permit more exports.

THE CHAIRMAN: Well, obviously you don't export it if it costs you money.

MR. OUIMET: Well, that was the problem before. World rights generally -- for example, for films were three times as much as for one performance in Canada -- for world rights. That is when we started negotiations.

THE CHAIRMAN: You mean you pay the artists three times as much?

MR. OUIMET: We would have had to, say, two years ago according to the thinking at that time, but the thinking is evolving because everyone knows it would be in our mutual interests to export some programming. So, we are hopeful that we will be able to negotiate agreements which would make exporting much more feasible.

THE CHAIRMAN: First, there is the problem





of labour agreements between the artists and the union?

MR. OUIMET: Well, I quoted one figure, which I quoted some time ago, but I can't quote any figure as it applies today, because it is not agreed to, but it would be considerably less than that.

MR. DUNTON: In general, we are naturally extremely interested in the possibilities of export, and in addition to the things you have brought up, we have been looking at other means of doing it. As you are aware, there are the technical difficulties of how to do it. "Live" is the cheap way, but it is not often that the American networks would have the time available. However, Mr. Bushnell is in negotiation with them now, and we think we will be going on American networks this summer. The next form will be in kinescope and our figures 16 mm. kinescope is not of a very high technical standard in terms of American or British broadcasting. Generally, they would want material available of higher technical quality. The third form is the possibility of films, and I think we mentioned the other day we are negotiating already for some production of programmes originally in film form, and that, of course, is the form of most material for export. If you can get some export going, I don't think in terms of profit to the CBC, but possibly in terms of spreading the cost a bit wider and helping generally in Canada, with the aid of export support, but we are moving into a rough competitive field.



THE CHAIRMAN: Except that it does seem, from what we have heard, to be a field where there is a certain demand.

MR. DUNTON: Yes. Also we know of lots of shows in different countries that have been produced, including the States, that have not succeeded, and a lot of money has gone. We would have to take some risks.

MR. OUIMET: There is another angle, and that is, if we want to really stimulate export, then we have to keep this in mind in programming. In other words, certain types of products or productions would sell much better than others, and this is another problem we have to consider. In other words, it must have more or less an international flavour in order to be a good saleable programme outside. We are already importing a number of these things which have an international flavour.

THE CHAIRMAN: Well, the reason for my question is one of the standard complaints of Canadian industries, and it is that they have a small market in Canada. Those which can export and expand their market can get around this, and I wondered if this particular industry had looked into that problem.

MR. DUNTON: We can say we are looking, and we have some hopes for the future, but we are starting on the basis that an expensive show in terms of a Canadian show is \$30,000, such as Macbeth, competing immediately with the \$300,000 show Richard III.

THE CHAIRMAN: I don't think that is a real comparison.





MR. DUNTON: There is a comparison of the basic kind of cost of Canadian shows -- the basic total cost -- and shows produced in the States.

THE CHAIRMAN: Yes, every now and then there is a low-budget movie which wins the Academy award.

MR. DUNTON: Yes, a low-budget movie of perhaps half a million dollars.

MR. BUSHNELL: Your question is, have we explored it, and we have done so for quite a number of months, and the deterrent factor has been largely, as Mr. Ouimet suggests, the difference between ourselves and the various artists' unions. We feel now there is very much less of a difference between us, and right at the moment there are at least five or six properties, as we call them -- "programmes", if you wish -- that we consider putting on film or doing live for export. There has also been a great deal of interest in Canadian programmes in the United Kingdom, and we have heard within the last few weeks from Australia, and we are sending a man -- as a matter of fact, he will be leaving shortly -- to go to both the United Kingdom and France. There has been interest expressed in our products in France, and he is going to see what can be worked out. One of the difficulties is when dealing with the sterling countries that they haven't got the dollars. Fortunately for us, however, as far as the United Kingdom is concerned there has not been the same embargo put on Canadian programmes as in the case of American productions.

I think the whole field is opening up, and





in a short time we should be able to give Canadian artists and playwrights a much broader stage on which to play. On this question of talent I think it is a very great mistake, in spite of what your author friend has to say, to suppose that Canadian talent does not exist. It does. It has not the professional background that a great many people had in the United States, but it is there and it will always be there and all it needs is training, supervision, guidance and the opportunity, and if the opportunity is given to the CBC to develop, it will be developed.

COMMISSIONER STEWART: Wouldn't you agree that there is one more facet, and that is writing; in other words, the actor and actress portray the idea, but have we got the script writers?

MR. BUSHNELL: That is very true. That is one great difficulty, but I think in the last two or three years we have partly overcome that or are in the process of overcoming it. In the beginning one of the problems was this, that most of the good Canadian script writers were writing for radio and they were doing very well and they didn't want to spend the time away from that, and, frankly, we didn't pay them enough money.

COMMISSIONER STEWART: You have overcome that?

MR. BUSHNELL: We have overcome that, but there is a great dearth of good script writing anywhere in television. I think you will recall that many of the scripts and books and magazine articles



have been corralled, if you like, in years gone by by the movie picture industry, and in some cases, if a production is live, that can be gotten around. In other words, a broadcasting or television company can acquire rights to that particular manuscript for live broadcast, but if it goes on film, the contracts in Hollywood are so tight it cannot be used. We have run into that not so much with Canadian writers, but with writers in England and the United States.

MR. DUNTON: We also feel it is important to give a chance to Canadian performers to work outside Canada. Stratford is a great development, but it has not done any Canadian plays. We think it is important to give Canadians a chance to do Canadian portrayals of the writers of other countries.

COMMISSIONER STEWART: I don't know whether you agree with me, but there are two photographic agencies -- one is yourself and the other one is the Film Board. How closely do you complement one another or how much of the Film Board material would be available and useful in your operations?

MR. DUNTON: Our relations with them are on a practical and businesslike basis. Quite a lot of their material has been available, and I would think all that is available and is suitable for television -- some of it is not -- has been run and probably run several times on the CBC.

COMMISSIONER STEWART: But there is a close measure of co-operation?

MR. DUNTON: Yes. It goes further than





that: this season we have special arrangements with them for two series, one in English and one in French, which they produced particularly for television, and we pay them as we would for something else.

MR. COYNE: Do the fees you pay for talent vary with the extent of the network over which they are going to be seen?

MR. BUSHNELL: Not so far as Canada is concerned. There may be certain cases -- let us assume a programme is originating in Vancouver and shown only on the Vancouver station; the fees may be less than if shown over the whole network.

MR. OUIMET: It is on a discount basis.

MR. COYNE: That is, the performer on the strictly local show for an hour's work gets less than if it was going over the whole network?

MR. BUSHNELL: That would apply in one case. It doesn't apply with artists' unions.

MR. COYNE: Does it make any difference to the fees they get whether or not you put it on film?

MR. BUSHNELL: Well, if it is put on kinescope, no. If it is done as a straight film job, very definitely.

MR. DUNTON: Put on kinescope for playing once on each Canadian station.

MR. COYNE: But if you put it on some sort of film -- I don't know what you would call it -- for subsequent distribution or additional showings, or showings in other parts of the world, then the artist gets some additional fee, does he?



MR. BUSHNELL: He does.

THE CHAIRMAN: When you make a kinescope recording, as you do now of nearly all your programmes because you haven't got your microwave relay going yet, are you only allowed to use the kinescope once?

MR. DUNTON: Once on each station -- once in each area in Canada. It is really only to allow us to have a substitute for microwave.

MR. COYNE: In effect, although you own the film the artist has some right, a copyright in its reproduction?

MR. DUNTON: Absolutely, yes.

THE CHAIRMAN: To go back to my Macbeth illustration, if that was good enough as a performance that it would be a good thing to repeat it next month, you would not be able to do it?

MR. BUSHNELL: We can do it if we pay a certain percentage of the basic fee.

MR. OUIMET: Actually, what we buy is one performance. If we give a second performance, then we pay according to a certain scale for that second performance.

THE CHAIRMAN: I suppose it would still be cheaper to put on the second performance, if the public demanded it and the idea of doing it would be a good one, than it would be to produce a new film for that period?

MR. OUIMET: It depends on the programme.



In some cases, yes, but in other cases it may be better to start making another.

MR. DUNTON: This is a thing that is very little understood by people. We have been getting requests from closed circuit operations, and they say, "Why can't we have the kinescope for such and such a show? You are finished with it. Why can't we have it?" We have no right, because of the agreement with the performers to let them be used in any way except for one-time broadcasting.

THE CHAIRMAN: It seems to me when you have the disability of a medium which is very fleeting to start with, if there are any repetitive or longer extensions you can give to those fleeting moments it is a pity to see them cut down.

MR. OUIMET: We are limited here by the traditions of the business. In other words, when we started this was the way it was going already for a number of years in the United States. I am not sure about England, but I think it is the same thing there. So, the traditions of the business were already established.

THE CHAIRMAN: This may be one of the explanations of why it is such an expensive business.

COMMISSIONER TURCOTTE: Would you say that for a second use of a kinescope you would have to pay 25 per cent to use it over again.

MR. OUIMET: Fifty per cent.

COMMISSIONER TURCOTTE: Fifty?

MR. OUIMET: Isn't that right? As I said





before, it depends on the nature of the programme, depending on how much rehearsal there is on it. We have to pay the minimum guarantee again, but it would be better if we took some specific examples and worked them out for you rather than give you a general answer which doesn't really cover the whole thing.

THE CHAIRMAN: But it is a substantial percentage to begin with, and you will give us a record of examples, at least, how much this comes to. Did you make any representations to the Ilsley Commission?

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MR. DUNTON: Yes. But I think we should explain, that is not an easy field to deal with, all the factors involved, writers and actors, and the arrangements with different organizations; it is not an easy subject for us to talk about in public.

THE CHAIRMAN: No, I can see that.

COMMISSIONER STEWART: You are following on more or less estabed practices?

MR. DUNTON: Yes. And some countries differ. One thing we regret very much, up until recently no British television material could be used. In the first place, no musician, no actors could be released for use in Canada, except in particular cases.

MR. OUIMET: Don't you think we should add, also, from the point of view of the artist who has to perform on T.V. it is a very demanding medium, it is a difficult medium, probably the toughest of all.

THE CHAIRMAN: No more difficult for the actor if it is going to be circulated in Canada or around the world.

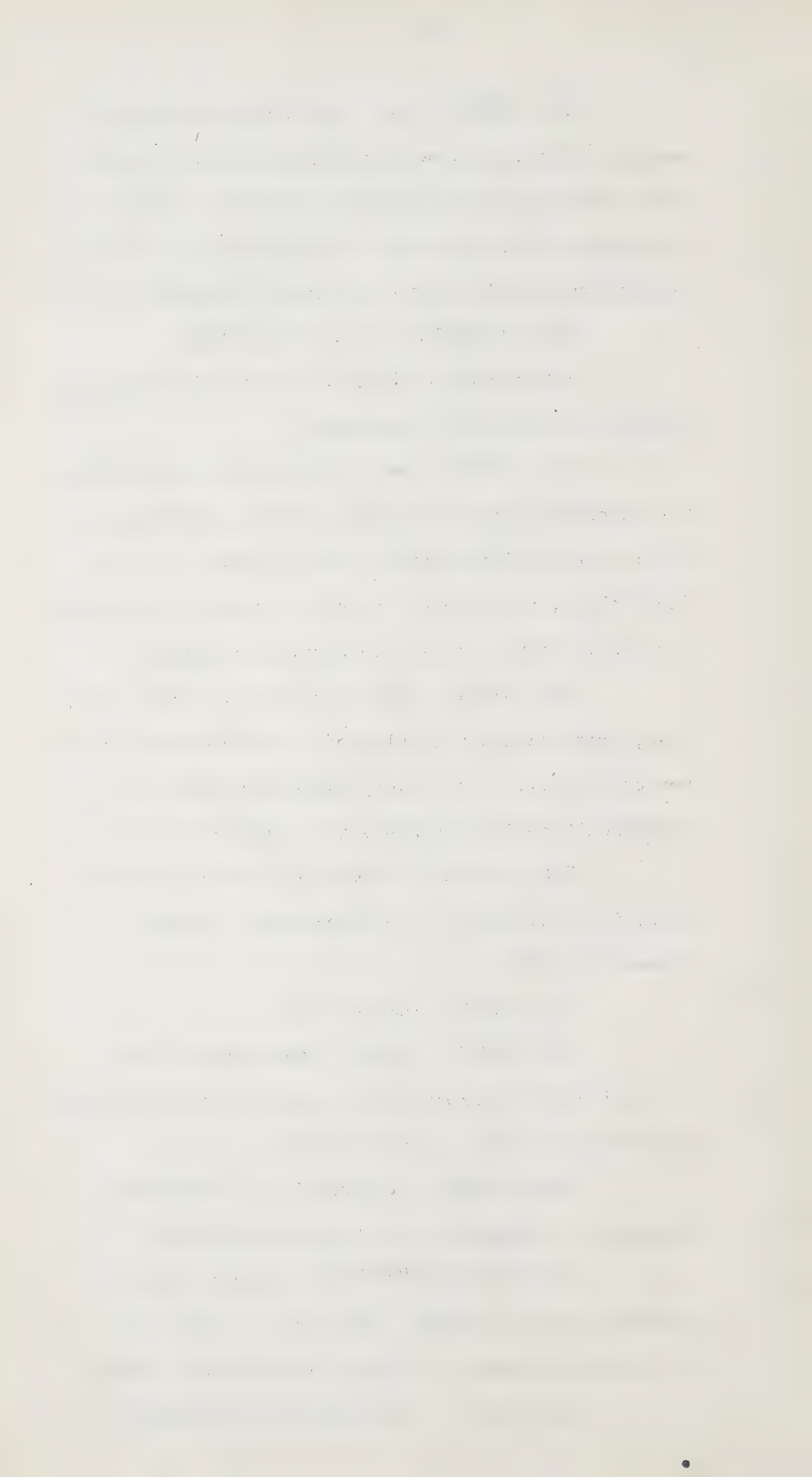
MR. OUIMET: That is true.

MR. DUNTON: Perhaps, when you have the artists' union in front of you they will explain their beliefs on the use, or its wider use.

THE CHAIRMAN: I agree it is a demanding medium, it is demanding for the one performer.

COMMISSIONER TURCOTTE: No more than an actor to play six months, standing on a stage, on and on for six months or a year every single night.

MR. OUIMET: It is the same programme.





MR. COYNE: Just one further question with regard to programming. I think you said yesterday there was a certain very limited amount of programming originating at private stations?

MR. DUNTON: Yes for the network.

MR. COYNE: There is probably more than in radio?

MR. DUNTON: Not very much. There have been some interesting examples in radio, some particular station. Stations are very cooperative originating programmes for special reasons.

MR. COYNE: Where a programmes does originate in a private station and you carry it on your network, what do you pay the private station that originates the programme?

MR. DUNTON: I know for years on the Dominion network, we had an arrangement to pay the direct out of pocket cost. In the television programme we are paying most of the direct cost.

MR. OUMET: It depends on what kind of programme it is. If it is, for example, a sponsored programme staged on a low budget the C.B.C. wouldn't pay any part of it. If it were carrying itself, or pretty nearly, then, in fact, the sponsor pays the whole thing.

I believe in the case of Quebec, the programme we have from Quebec City on the French network regularly, I think the budget is such the sponsor pays for the whole thing---or anyway, he pays us and we pay the station. I don't remember exactly how it is done.

MR. DUNTON: As a matter of policy we would



enable the private station to deliver a direct programme to the network and get revenue off it. Very often we have used a special programme of interest to the public.

MR. OUMET: We have offered the opportunity to the private stations, very definitely, if they had a programme they felt was of a standard that could be carried nationally, it was understood that we would pay the direct costs of that programme.

MR. COYNE: Does that induce any financial incentive to develop things that would be of use to you?

MR. DUNTON: I would say it leaves some chance, a good chance of getting a large part of the cost of that programme back. They are going into an expensive field of broadcasting if more on a national scale rather than local.

THE CHAIRMAN: Is this a theoretical or actual thing, are there any substantial numbers?

MR. DUNTON: There are a substantial number, and some very successful examples, one in London Ontario. Some very good programmes through the years. I am not sure of the numbers on television, there is a regular one from Quebec. I mentioned an exception the other day, a very interesting one at Christmas from the London station.

MR. COYNE: Apart from this question of programming cost, assuming it is sponsored, do they get their portion of station time, that is, as a network outlet?

MR. OUMET: Yes.



MR. DUNTON: I think Moncton and Campbellton are originating shows which I imagine we pay the direct out of pocket cost. But that is the kind of cooperation that is very much appreciated by us.

THE CHAIRMAN: But, film, let us take the T.V. film programme of a national character, being developed up to now by the private station operators has not been great?

MR. DUNTON: No.

MR. OUMET: May I add, Mr. Chairman, one of the reasons for this, because it is more than the minimum direct cost of programming involved. And in order to produce a network programme, for the network generally, they must have a stage in there with the facilities involved. For example, if it is something of a dramatic nature or variety nature, that would involve staging facilities which the private station cannot afford. And it is a difficult thing if it is purely local things. That is the factor.

MR. COYNE: Turning back to your brief, Mr. Dunton, Exhibit 2, page 40. And that is in the section in which you are estimating the possible cost of providing alternate arrangements. That is alternative to the present ones. And you speak here of what would happen in terms of C.B.C. costs if you distributed your present coverage over publicly owned facilities rather than the private stations that now participate. You say this would cost from one to two dollars more per television home a year. Are you contemplating here simply what would happen if the present private stations were C.B.C. owned?





MR. DUNTON: It would be something equivalent to that. Actually, by taking some other arrangement-- you might get the coverage with a different arrangement of transmitters. In general terms, if we have to attempt to achieve the same coverage through C.B.C. services which is now through private facilities.

MR. COYNE: I find then on the next page, what would happened if there was a second station and and how much that might involve you in any certain circumstances. I assume in this section you are talking about a second station to the present station?

MR. DUNTON: We are talking about achieving coverage for the national service, the present main national service, operating through publicly owned facilities, instead of the publicly owned facilities and 25 private stations in addition.

MR. COYNE: Am I right in thinking that means the present service provided by the present 33 stations without taking into account the second stations ?

MR. DUNTON: It doesn't go into that question of second stations. It is coverage, achieving the present coverage. I might say this does not bring up any question whether there is or is not a second station. As we pointed out, in other places it would possibly mean some frequency occupied by a private station would have to be taken over by the C.B.C., since in many areas there is only one channel available.

This is simply a question of how much it would cost, roughly, for the C.B.C. to achieve the



present coverage entirely through its own facilities, operating on a very heavy commercial basis.

MR. COYNE: Well, I don't think I want to pursue that particularly. Going over to the next page, page 41, where you get into this question of alternate service. You say:

"If any second stations are to be  
"established it is a corollary that  
"the C.B.C. also establish additional  
"stations of its own in some of these  
"areas now being served by private  
"stations."

Why do you say it is a corollary?

MR. DUNTON: It is a conclusion of logic. If it is logical people in some areas have two services available, one from C.B.C.'s station and one from a private station, then other people in other areas should have that same choice of service from a privately owned station and from a C.B.C. station.

MR. COYNE: It is logical if funds are available to develop additional C.B.C. services.

MR. DUNTON: Here we are not talking funds, we talked about funds in many other places. This is simply the logical development of the system. But every day the operation of additional transmitters would cost us additional money, but we would get additional revenue from them.

THE CHAIRMAN: Wouldn't you still be supplying the private stations?

MR. DUNTON: Let us contemplate here, if there is logic in having in addition to a C.B.C. station in





Toronto, and a privately owned station with the service of one or the other; there are two. Then, it is logical in other areas, Quebec City, St. John, N.B. Regina, that there would be not only service from a private station, but from a C.B.C. station.

THE CHAIRMAN: Surely there is no logic being used. Either through a private station or C.B.C. station, there is nothing special about this, after all, it is what you are serving---you have an existing system of eight C.B.C. owned stations, and what is it, 17 or 20?

MR. DUNTON: 25.

THE CHAIRMAN: Twenty-five private stations. But at the moment these private stations carry the national service, and you can make them.

MR. DUNTON: Yes, you don't have to make them, because up to now they are, by and large, glad to carry the national service.

THE CHAIRMAN: Supposing in a certain place a new private station were to open up and build an alternative private service quite different from your national service, why is it a corollary you have to go in and build a C.B.C. station where you were serving the area before?

MR. DUNTON: Take the same logic, for instance, in Winnipeg. They say we should have a choice of service, from the C.B.C. and a private station. Surely the same logic applies.

THE CHAIRMAN: I don't see the logic. It seems to me you are giving them the national service.



The choice is an alternative service, and different interest programmes. You are not going to supply that, you are not in that business.

MR. DUNTON: We are not particularly asking, we are taking the argument of others and taking the logical conclusion.

THE CHAIRMAN: That is the difficulty, I think.

MR. DUNTON: There are also practical reasons for it. If Canadian Broadcasting is going ahead on that basis, this further and further extension of the number of private stations, the implementation of private stations, the balance of the publicly owned facilities in the whole system is going to be proportionately reduced. I think we indicated in our view at the beginning, it would have been wise if publicly owned facilities were established in each province of Canada providing a truly national system, still leaving lots of room for private stations on a firm network across the continent from Newfoundland to British Columbia of publicly owned facilities from which we could control good broadcasting. A national service making possible the originating and broadcasting of national programming. Therefore, it seems logical if it is going to have further implementation of the question of publicly owned station, as announced by the government on licensing authority in 1952, that the national system have facilities of its own, also.

MR. COYNE: Why does it follow? Surely that implies an extension of the national service. What is the matter with this proposition? You have



a national service, it is adequate---

MR. DUNTON: We didn't say that.

MR. COYNE: A service which the public thinks is adequate, that that is all they are prepared to finance out of public funds.

MR. DUNTON: You are taking a hypothetical case?

MR. COYNE: Yes. And I think in the near future a perfectly logical one. Some one comes along in Toronto, or some other location, and says, I would like to set up a private television station, and it is not going to cost you anything or the public anything in direct contribution. I still think, that to say what you say is the logic, if that situation arose that the C.B.C. would set up a station, say in Peterborough, Brandon or Regina or some other location.

MR. DUNTON: I am afraid I am not convincing you very far. You say the near future: There would be an indirect influence on the national service. I am not getting very far in applying the same argument for additional stations in Winnipeg or Toronto, which we say would have some influence on the national service. When applying the same argument to strengthen the national facilities in other areas you should give other people the same choice. We say there should be a second station in Winnipeg.

THE CHAIRMAN: Mr. Dunton, you don't give people the same choice by replacing a private station now carrying C.B.C. national programmes with a C.B.C. owned station.





MR. DUNTON: I am not suggesting replacing. Perhaps, you misunderstood me. We say in any area a C.B.C. station should go in with the existing private station to be comparable with an area such as Toronto. Then, you have the same situation in these different areas.

THE CHAIRMAN: Take the hypothesis given by Mr. Coyne. Assuming a reasonably adequate national coverage through the C.B.C. directly in its own stations or through its power over private stations to induce or compel them to carry the national programme---you have got that---and the amount Canada is willing to pay for it. And there it is. How does it affect that system if, for example---I am only asking this in order to get your answer, there are many questions on the opposite side---how does this affect that existing service to Canada if a private station were opened in Winnipeg, Toronto, or Vancouver?

MR. DUNTON: We tried to say yesterday in the brief, in our view, it would affect the possibility of the present national service, mostly through its influence on commercial activities, on revenue or potential revenue coming in to support the national service, and commercial support for Canadian programming or the possibility of availability of some very good American programmes now going on the national service to other areas. We believe it would have that affect, an affect which can be compensated for to some extent by other money going directly into the first overall national service.



MR. OUIMET: May I add something here?

There is another factor, if there is another station going in where there is already an existing station to that national network obviously we have to know just what the obligations of the second station will be in order to compare what is going to happen. If, for instance, the first station is in a market where it would be more lucrative to go on its own than to have any obligations to the national system, well, the second station has no obligation at all, that is, you see the difficulty in maintaining the first station, the present affiliate of the network as an effective outlet for our programmes. In other words, the tendency would be definitely for this station to try to have the same conditions as the second station for a greater frame of action, which means in our case a much greater liability by not being able to have our programmes carried. In many parts of the country there are constant requests and protests to the CBC because certain of our programmes are not heard in that area. In other words, the work through the private stations on radio assures us a certain percentage, that a certain percentage of our programmes will be carried, but it is only a certain percentage, it varies with different areas. We foresee the same thing in TV in time as competition goes into each market and then the tendency against the network service in the long run in any of the major markets, but not the very small market because that works the other way, because there the affiliate





is anxious to get the programme as a means of supporting its operation.

MR. COYNE: But, in fact, am I right in thinking this situation I am thinking of, a second station is precisely the same situation you had in radio?

MR. DUNTON: In radio it is a little more complicated, on the English side there are two networks --

MR. COYNE: I know, but you do have CBC network outlets and you do have unaffiliated private stations?

MR. DUNTON: Yes.

MR. COYNE: Now, why should a distinction be drawn between television and radio in this respect?

MR. DUNTON: We say that distinctions are practical ones because of economics. On television it is seven or eight times as expensive as radio, Canada is trying to have a system three or four times more expensive than radio; therefore, all the economic factors work more strongly.

MR. COYNE: So what you are saying amounts to this; in television as in radio you derive a great deal of commercial revenue from local sources and if there are competing outlets in those areas where you are deriving substantial amounts of commercial revenue, your revenues will go down?

MR. DUNTON: We are saying that in television the whole thing depends more on commercial support, more so than in sound broadcasting,



therefore, the factor of cost, commercial support, will affect television more than radio. We are working in questions of principle, we are looking at the realities of the thing in dollars and cents and service possibilities. We would like to emphasize we think the greatest possible development of alternate hearing is a good idea but we feel we should keep in mind the cost factor.

THE CHAIRMAN: I think it is quite impossible --

MR. DUNTON: No one can depend on the play of everything, we are sure the effect would be there, we cannot put an amount on it; we have tried to use one here but it is pretty much a stab in the dark.

MR. OUMET: I think there is another point that should be emphasized as between radio and television and that is that in radio at least for the Trans-Canada network on which we broadcast sixteen hours a day and more than that, as we explained yesterday, in the case of radio Trans-Canada coverage, our own stations cover quite a large part of Canada; I do not remember the exact percentage, but I think it is over 80 per cent or 85 per cent, depending on just what you consider as coverage. Well, in the case of TV it is not that sort of thing. In radio we have thirteen out of thirty-six outlets and in TV we have eight out of thirty-three. In other words, we get much better coverage on radio through out own facilities than in the case of TV.

THE CHAIRMAN: What is the different in the coverage if you put it on your own TV station or





you exercise your powers of either persuasion or compulsion and force private stations to put it on?

MR. DUNTON: The big result is that the effect of our powers of compulsion ends up in considerable, much lower coverage than if there were CBC facilities.

MR. OUIMET: May I give a simple explanation of this. The CBC in its operation loses money because it is trying to give a national service, it is not a commercial venture. If we force the private stations in any city to take all our programmes they won't make any money either, we won't have any private stations, so the very key to the whole thing is that the private station puts through their own programming on a lot of hours of its own in order that it should be able to take certain hours of the CBC, and, that being the case, it is not available to carry all the services of the CBC.

MR. COYNE: Could you, in TV, give the approximate time that the private stations do have free at the present time, that is, free to do their own programming?

MR. DUNTON: I went over that yesterday. I think the network option time of eight to eleven-fifteen, two half hours a week, and on Saturdays and Sundays --

THE CHAIRMAN: That is the 45 per cent left over after the 55 per cent?

MR. DUNTON: I am not sure if it would work out that way, that is a time which is optional but in





general terms they are left free all the rest of the time although there may be something where we persuade them to take, and in many cases they want to take, other times.

MR. COYNE: As a general proposal you can take option time and say it is not free?

MR. DUNTON: Yes.

MR. OUIMET: And they point out to us very readily that the open time from eight to eleven-fifteen is the best time and most lucrative, and since we have an option on that time they cannot do as good business as they could if they had an hour or two free each night.

MR. COYNE: Just going on to the last part of this section where you deal in general terms with colour and on page 46 you mention on the basis of certain investigations in the United States it is estimated that an operation in colour will add an average of about 25 per cent to costs. That is an overall figure, I presume?

MR. OUIMET: Yes, the production costs, they are the main elements.

MR. COYNE: Could you give us some indication of the capital cost of completing your facilities, that is your transmission and distribution facilities, so they could carry a colour programme?

MR. OUIMET: We have divided that into different elements; in the first place, the cost of equipping our transmitters and our agreement with the



network so they could carry the network colour programmes, say, coming from the United States. That is number one, and in that case if you were doing only a few we could use some, what you call a patch job and it would not add too much to the cost. But, the minute you have a number of these things going regularly then you have to set up properly and this would involve a commitment in the order of \$2 million. I am not saying you cannot transmit colour for a few months with less than that, but having gone that far commits us to go to the \$2 million.

MR. COYNE: And the figure of about \$2 million in rough terms would represent the cost in effect of converting your whole transmitting and distributing system?

MR. OUIMET: It would be the transmitting, the distributing would be converted by the common carrier companies, the telephone and telegraph companies, and in that case they will reflect their additional capital cost in an increased rental per year which we have already negotiated with them on a contract basis.

MR. COYNE: Can the existing microwave system not carry the colour?

MR. OUIMET: Not without increased costs and modification. It was built in such a way where it could be modified at minimum cost for colour use, and it is a relatively small percentage of the total cost.

MR. COYNE: If you, for instance, decide to





go into colour, it is simply on the basis of taking whatever you can get produced elsewhere, such as live programmes from the United States or film programmes without doing any Canadian colour production. You can do that on the basis of a capital outlay of \$2 million plus additional transmission charges to the telephone and telegraph companies?

MR. OUMET: That is not really a practical assumption. You see, if we are going to do this I do not think we can maintain that position for any length of time for a number of reasons. Commercial programmes coming from the United States would have commercial messages in colour while Canadian programmes made here would have messages in black and white, and it would not be very long before the sponsors of Canadian programmes would claim that they are discriminating against them in favour of American sponsors who bring theirs in colour. Furthermore, you have only colour from the United States in English; therefore, when it comes to Montreal the English outlet would be transmitting colour but there would be nothing on the French. I am not suggesting what the reaction would be; I will just leave it to you. In other words, this was only the capital cost, the \$2 million on the existing network. I should go further, the next step is if you do that for the whole of Canada and convert Vancouver, Halifax, Winnipeg we figure that there will be another \$4 million involved.

MR. DUNTON: The network will be out to



Winnipeg next fall.

MR. COYNE: I am confused about your term "network", you say the present network, you mean the present relay that runs from Windsor to Quebec?

MR. OUIMET: There is no way at the moment to transmit colour kinescope, in other words, the conversion of the network to colour refers to the conversion of the network, when it is finished to Winnipeg and Vancouver, which will be at the end of the year in Winnipeg and probably June of 1958 in Vancouver.

MR. COYNE: And you say that figure of \$2 million should be \$6 million?

MR. OUIMET: Well, the figure of \$6 million in all is roughly correct and also depends on what colourizing facilities we have ourselves. As I mentioned, this is not the origination of programming but the ability to give at least some slides in colour or some films in colour to go with the colour programme.

THE CHAIRMAN: Before we adjourn, Mr. Ouimet, I would like to go back to be sure I am clear about the subject we were discussing with Mr. Coyne just before this.

MR. OUIMET: May I say one word? Of course, once we have started in colour and we have American programmes in colour and they come in in English in Montreal and the pressure for colour programmes in French starts, the only way they can be produced is to be produced in Canada and then we have French programmes in Montreal in colour, so why should we





not have English programmes in Toronto? Once we have it in Toronto and Montreal, then it is Vancouver and Winnipeg, and we are in it. All I am saying is, once we start let us face the whole sequence of this which I think is inevitable, and that cost is much higher, the production of programmes in colour will be the capital cost of changing the existing studios, which will be \$1 million each, approximately, and \$2 million to build new ones. All these cost are included in the 25 per cent estimate we have here in terms of operating costs.

THE CHAIRMAN: Does that finish what you want to say about colour at the moment?

MR. OUIMET: Yes.

THE CHAIRMAN: I think we will be coming back to this subject later on because we are anxious to find out the present situation before we go to the future. I would like to ask you one question on the subject we were discussing before this with Mr. Coyne; I want to be sure I am clear on it. Did I understand you to say that a private station carrying the full national service of television did not have enough time left over to make a commercial profit if you forced them to take the full amount, or, putting it alternatively, did I understand you to say that because in your own operated CBC stations in television you did, in fact, operate the whole national service into it that you thereby filled out so much of the day in those stations that, looking at it as a broadcasting station purely, you





did not have enough time left over for commercial activities to operate that broadcasting station at a profit?

MR. OUIMET: We produce more programmes than the private stations are carrying in radio, that is considerable.

THE CHAIRMAN: Stick to TV.

MR. OUIMET: In TV the difference is not as great, but there are many programmes we are producing that are not carried by private stations, and I am suggesting we are spending money to produce

these programmes which are all -- not all of them -- some of them are of national interest or could be made of national interest for the same amount of money approximately as we are paying now, and then it would be desirable for us to have them carried all the way through the country. The private stations could not do it because they would then be all day on the CBC service, which is not, when you consider it as a whole, a paying service because each programme cannot be made for sponsorship.

THE CHAIRMAN: The point behind my question is this, you are developing a national service here for the purposes which Mr. Dunton has explained of tying this country together, giving it a national consciousness, giving an opportunity to Canadian talent and all the rest of the points you made early yesterday or the day before; now, you have a national service, the whole thing is produced by CBC then it goes to the question of how it gets to the people to



the extent that that whole national service is carried on through a private station which you have power to compel them to take, but you do not use it; you say you cannot do that because they have not enough time left over to make a profit as a private venture.

MR. OUIMET: That is correct; we have the power to go as far as is practical with them, and I think we have to compromise at the moment in negotiation with them.

THE CHAIRMAN: I am not suggesting you should force them through, I am simply saying if you did the present package that you are putting out to the private stations leads to a situation that they have not enough time left over in order to make a profit as a private venture at all.

MR. OUIMET: It has been suggested to me that perhaps the private stations would be in a better position to know how much more or what the position is now.

THE CHAIRMAN: Well, take one of your stations, you are operating broadcasting stations and you presumably do so in taking the whole of this national programme package; do you make an operating profit on your operation?

MR. OUIMET: Not that big.

THE CHAIRMAN: Is that because you have not enough time left over after taking the national programmes that you have not enough time to make a profit?

MR. OUIMET: That is true, but there is also





the fact when the programmes were local we also included other items in our service there that are not paid for. The CBC is in two parts, the national network and a bunch of CBC owned stations, the CBC station has a different set-up of operation.

THE CHAIRMAN: This may have been asked before, but why do you own private stations in a few scattered places?

MR. OUMET: That is what the chairman answered yesterday.

MR. DUNTON: Only a few.

THE CHAIRMAN: Why do you own them at all?

MR. DUNTON: In the first place, we are able to get programmes in these areas for the national service; we have the general terms of national service in that area without dealing with the private stations and their problems. In the third place, there are not more because we were limited to this number.

THE CHAIRMAN: We will adjourn now for ten minutes.

---Intermission.



THE CHAIRMAN: I don't, Mr. Coyne, want to prolong the question I was just asking but we were talking specifically about the question of television operations on your own stations and private stations. Does the same kind of thing apply in the sound field, in the radio field?

MR. DUNTON: Much more so because in the radio field our distribution relatively is not as good as in T.V., and I think with respect to T.V. - and I don't want to give the wrong impression here - I am referring to the present status of things, that we are getting to the point where we feel we can't insist on having much more carried without getting into the difficulties I have mentioned, but we are not at that yet. I am not suggesting that private stations are not meeting both ends in their budget.

THE CHAIRMAN: Well, we will find that out when we deal with private stations, I hope.

Could I just ask you one or two questions about what your views are as to the relative future of radio in comparison with television? I may say, in prefacing the question, that I have had conflicting impressions from my reading so far. There are some opinions which are expressed, such as that radio will be the tail on the television dog, and, while it is a nice thing for a dog to have, it is not very important. That is the attitude. It has a subsidiary and declining role relative to television.

Other opinions are quite different that I have seen and read; that radio has a distinctive and important role to play to some extent independent of T.V., and it is a different medium with its own special





functions and purposes, and perhaps it has been suggested that the glamour of T.V. and novelty has tended to obscure this role for radio, and that maybe radio has not adapted itself to the existence of T.V.

I would just like to get the views of the C.B.C. on this because it does bear upon the future obligations and charges that there will be, and the future course of development of the radio system.

MR. DUNTON: As we point out in the main memorandum we are quite convinced that radio has and will continue to have an important role in broadcasting. As we pointed out there have been very significant developments naturally since the advent of television. For instance, listening to radio, particularly in the evening, in homes having television sets, has naturally dropped considerably.

On the other hand there is evidence that there is a very high amount of listening in the daytime. In addition to that there is increasing evidence of what you might call supplementary listening; listening outside the main living-rooms of homes, or the room where the television set is, in the evening. There are all kinds of ancillary uses; radios in cars and bedrooms, and radios used in many ways by many people who, for various reasons, have not the desire to look at television or who want something different, or are in a place where a television set is not available.

Naturally television has had a big influence on the shape of radio. As you say some of the glamour has gone out of it. Big entertainment shows on radio





have in fact dropped off, especially in the evening, and radio is already beginning to shape itself as a companion - cheaper and less exciting perhaps - but very much a companion to television. As a matter of fact there were nearly five million television sets sold in Canada while the number of radios sold is four and a half million, so there is still a very high degree of interest in radio, and a very large part of those sets were supplementary sets, not the usual big one, used to occupy a very important place in a home.

In Canada, therefore, we feel we have to consider their influence as a whole. People who have not got television because it is not available either by choice or for economic reasons, or others. There are still a large number of people who have no television service available to them. There are a large number of people who are television viewers for some things and not for others; people who want music on television, or information, or people who are interested in all sorts of things that can be conveyed by the spoken word quite cheaply and in an interesting way.

THE CHAIRMAN: And even, in some cases, better?

MR. DUNTON: Yes, very definitely better, and so radio is deriving a natural development from commercial decline - a decline in commercial support for some kinds of shows; also the C.B.C., together with other broadcasting organizations, is gradually modifying its radio services taking cognizance of the existence of television as a very large mass medium.

We feel we still have to keep a well balanced



radio service, keeping up the allocations of some lively entertainment, because this is the only means by which more people will get it, by broadcasting; but modifying it more as a supplement to television so that it concentrates on the things it can do especially well, such as music, and various kinds of spoken word things which may include an actuality report, or the very quick bringing of news which can be done more cheaply and in many ways more effectively than on film or on television. There are modifications, some of which will be starting fairly soon, getting away from some of the other rigid ideas of radio, when we had one big bang-up hour program, more into a kind of pattern for continuous listening or the kind of listening a person can pick up any time and over a period a variety of things such as music, or information, or interesting ideas of various kinds, and then put it off again whenever he likes, but still will have had an interesting and profitable hour or two, so we are sure radio will continue to have a big place.

On the other hand we are not recommending that it be developed. In one way we think radio has reached, especially since the development of television, a fair level of maturity. We do think the present level of service, modified as it is being, should be continued in Canada, and it will be very worthwhile for the Canadian public.

MR. STEWART: Would modification take place by way of a reduction of hours of service say in the evening when the listening audience is smaller?





MR. DUNTON: No, because I think one of the advantages of radio is that it is available at most times. The modification would be more perhaps in the reduction of the relative efforts going into big evening programs. We are still sure that in the evening people still listen to the radio who want a variety of entertainment.

THE CHAIRMAN: Would you concede that the operations of the C.B.C. in the radio field, if we were putting it on a graph, would be flattening out?

MR. DUNTON: Yes.

MR. CHAIRMAN: But you don't think they are dipping down?

MR. DUNTON: No. We think radio after twenty-five years is at a ceiling, and our figuring is done on that basis.

THE CHAIRMAN: Do you contemplate, for example, any changes in the present system of having two networks - Trans-Canada and Dominion?

MR. DUNTON: We wouldn't unless we were forced to by lack of means. We still think it is desirable that while the Dominion network has lost some of its former status, when we used to carry big American shows and pretty lively Canadian ones, that it is still a useful means by which some service on a National scale, and only a limited amount, goes out to private stations and through them. We think there would be some loss of alternate choice to Canadian listeners if it were abandoned. It is probably not a vital thing. We think it has been a useful thing in Canadian Broadcasting, and we would like to keep it on, but if our means are reduced it may be one of the first things to go.



THE CHAIRMAN: Does the Dominion network carry much Canadian produced programs?

MR. DUNTON: Yes, a very high proportion.

COMMISSIONER STEWART: Would any part of Canada be divorced from the National service were the Dominion network cut out?

MR. DUNTON: Yes, there are a few places. In terms of really good assured service the Dominion network gets in and Trans-Canada does not, or doesn't very well. Also we do feel there is one other side that we should think of developing, and that is further coverage. There are still areas in Canada, and we hear from them very vigorously, which have not only not got television but have not got radio.

COMMISSIONER STEWART: It is mostly in British Columbia, isn't it?

MR. DUNTON: It is just about in all of the Provinces. There are certain areas in British Columbia, Alberta and Saskatchewan which are pretty well covered except some areas north of Manitoba, some spots in Northern Ontario and Northern Quebec, and pockets in the Maritimes, and some gaps in Newfoundland. They are pretty well across the country.

As mentioned in our memorandum pretty extensive studies have been done on this, and, trying to keep it on a reasonable basis, it is found that for commitments of about \$500,000. or \$600,000. a year in relay transmitters and extra wire lines, quite a large number of those areas could be served. There would



still be some gaps. You can keep on filling the pockets further and further, but we do feel those are the people to whom radio listening, when they have nothing else, is very important. We are not speaking of the Northern areas such as the North-West Territories and the Yukon, but nearer areas.

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THE CHAIRMAN: Are you having difficulty with the competition of television, in holding staff and technicians and writers and so forth against the attractions of the television as the new medium? I have heard this is one of the troubles in the United States.

MR. OUIMET: I don't think we have trouble in holding them, except that the glamour of TV as a sister service -- and a very big sister now -- has definitely created some morale problems, but we always have to consider the desire of some of our radio people wanting to move into TV, and in certain cases we are not able to grant them their wish. On the other hand, I don't think it has been too serious a problem because in many cases we have integration between the two; the two services are not entirely separate. Recently, for example, we had decided and organized the integration of our announcer service so that our good announcers on radio, who up to date have not appeared on the screen, will now be able to be eligible for television if they have the other qualifications necessary for television. So, we are very conscious of this and I would say it has been a problem but not one of our most serious problems.

THE CHAIRMAN: It is not a situation where the active and more vigorous brains are being drained off away from radio?

MR. DUNTON: I think the people in radio would deny that vigorously.

THE CHAIRMAN: I wasn't suggesting it, but



I am told that is what has happened and they say it has happened in the United States.

MR. COYNE: Following along this subject, Mr. Chairman, I wonder if Mr. Dunton could give us any figures as to the amount of radio listening in TV homes during the hours when TV service is available? Are there any figures on that?

MR. DUNTON: There are various figures by different survey groups. I think the Commission has copies of them. We really would rather prefer that the Commission itself interpreted those figures rather than us. We do know that listening in the main living rooms or the main part of a home in homes which have television service is low in the evenings -- definitely low. However, there is evidence of a good deal of listening outside that area.

MR. COYNE: When you speak of these surveys, I may have overlooked something. Is there anything in your material that relates to this subject of relative listening?

MR. DUNTON: No, I don't think we filed anything on it because most of the base material is not ours to file. However, I believe the Secretariat has available some of the various surveys put out.

MR. COYNE: This probably portrays the amount of reading which I have not yet done; but, there are some sort of surveys relating to this subject -- that is, the amount by which the presence of TV has reduced radio listening in the areas where TV is available?





MR. DUNTON: There are various figures, and actually our research division has done more work on that, and if the Commission is interested we could pool some of our results together and show them to you.

MR. COYNE: When you referred a moment ago to the modification in programming in radio which is resulting from the addition of TV and you mentioned, for example, some of the large entertainment shows were now leaving radio . . .

MR. DUNTON: Have left, most of them.

MR. COYNE: . . . have left radio: do you anticipate any reduction in operating costs of radio services as a result of the modifications and particularly in the light of the fact there is going to be a smaller listening audience?

MR. DUNTON: I will start to answer that by saying the costs which would have been incurred by now if radio had been developing on its own have not been allowed to occur. In other words, while the absolute sum of money spent may not have dropped, it has not risen as it would have had to had radio continued to develop in the normal way. In other words, we have been keeping a ceiling on radio expenditures, but as some individual costs tend to go up that means some of the savings by dropping the more elaborate programmes have been offset.

MR. OUIMET: There is also the important fact that many of those more elaborate shows were sponsored shows, and when they dropped we lost the revenue of the same, and furthermore in many cases,



whether it was an American show or a Canadian show, where the cost of production was already paid for by the sponsor, then we not only lose the time saved, but we lose the programme that has to be replaced. So, actually, the fact that these shows are not available any more and we don't have to produce them as such does not leave us in a better position than before, but in a worse position.

MR. COYNE: That leads me to another question, and it is this: In the case of sponsored sound programmes, with Canadian sponsors, that is, where programmes are produced in Canada, do Canadian sponsors pay the whole cost of those programmes?

MR. OUIMET: Generally speaking, yes. We haven't got a cost accounting yet in radio. This was established for TV, and in radio we do not have the full cost accounting, so therefore my statement here is much more approximate than it would be for TV. I would say, generally speaking, yes.

MR. COYNE: So that allowing for the qualifications you mention, in contra distinction to TV where it is impossible to recover the full cost of programme production from sponsors, in radio you would say you do recover the cost of the programmes?

MR. OUIMET: Yes.

MR. DUNTON: Or we used to, anyway. It is getting harder to do that in sponsored programming in Canada.

MR. BUSHNELL: With one or two minor exceptions.





MR. COYNE: Do you have any figure as to the proportion of Canadian programmes in sound broadcasting -- I mean comparable, for example, to that figure of 55 per cent that we have heard about for television broadcasting on the English network?

MR. DUNTON: I think there are some figures in the network memorandum. In general, the percentage is pretty high -- far higher than TV.

THE CHAIRMAN: That is, in radio the proportion of Canadian programmes is higher?

MR. DUNTON: Much higher.

MR. COYNE: Has that proportion increased substantially over the years?

MR. DUNTON: I think it has remained very roughly in the same kind of magnitude through the years. I think in the last years it has been in that area.

MR. BUSHNELL: The simple fact of the matter is that there are no American commercials coming in and the Americans are not putting on any sustainers, and we have to produce our own.

MR. COYNE: I am not thinking particularly about the last three to four years so much, but rather before this impact of TV: were you producing a much larger proportion of your broadcast fare in radio than you are now producing in TV?

MR. BUSHNELL: Yes.

THE CHAIRMAN: You said, Mr. Ouimet, that you have no cost accounting system in radio yet?

MR. OUIMET: That is correct. We are, though, because of the effect of television and the





fact we have had to have a cost accounting system in television, and that now we have to separate the TV costs from radio costs and the international service costs, I believe that we will have to come to complete cost accounting throughout the system, and we are trying out -- and we started on the 1st of April -- we are trying it out in Montreal to see just what is involved and to see whether the advantages of cost accounting in radio are worth the expenditures which will be incurred in providing it.

THE CHAIRMAN: Would you say a word about the staff organization dealing with the financial side of CBC operations? I don't want to go into the whole organizational chart, but this is a large chunk of money that is being administered. What is your form of administration?

MR. OUIMET: Well, the truly accounting side, of course, is in the hands of our treasurer's division. They are the ones who do the accounting, and have representatives at all our operating points and keep the books of the Corporation. They also prepare the budget statements and the monthly statements which are used by various officers as post-expenditure control. The treasurer's group itself, except in certain isolated fields, do not have pre-expenditure control, although there are certain of them come to me. The pre-expenditure control is done by the various supervisors and managers in charge at each point. In TV, since we started we have had decentralized authority, subject to checking and



control above, but it has been decentralized to each operating point. In radio it was the other way: it started as a small Corporation and the control was centralized pretty well in Ottawa with the authority and responsibility for spending; in other words, everything came up the line from Vancouver to Halifax all the way to Ottawa for decision on comparatively small amounts. As we grew -- and we have grown about fourfold in four years -- we simply had to organize on the same basis as large industrial organizations. Now, even in radio just this year, for the first year, we are completing a process of decentralization of the authority for certain types of expenditure, and that will be the same as for TV. There are strict limits all the way through. When I say "decentralized the authority for an expenditure" it simply means that once a budget is given and once a schedule is approved, which are very limiting factors, then the person with the full responsibility for a certain operation can initiate an expenditure. If it is the purchase of something he has to prepare a purchase requisition which he signs. If it is less than \$200, then it stays within the region. As you know, we are divided into geographical regions. If it is above \$200 it has to come back to Ottawa to be checked, and similarly there are limits. For example, in Ottawa some people will sign up to \$5,000, and above that, or if it is something special, it will come to me.

THE CHAIRMAN: Well, I didn't want to get





into all this detail. What I wanted to ask about, and certainly I don't want to go into any specific items of this nature, but have you got a senior financial executive as distinct from the people who are running the more routine operations?

MR. OUIMET: We have the Treasurer who is at the same level as all our heads of the main functional divisions. He is at the level of the Director of Engineering in charge of our construction and operations technical. He is at the same level as our Director of Programmes who is in charge -- "in charge" is the wrong word -- but has functional responsibilities.

THE CHAIRMAN: And these various people, including the Treasurer, will respond to you directly as General Manager?

MR. OUIMET: That is correct.

THE CHAIRMAN: How many of these main functional operators do respond to you?

MR. OUIMET: That has been one of my major problems to date. There were about twenty of them when I started, and I have asked the Assistant General Manager, Mr. Bushnell, to assume the function of Controller of Broadcasting which permits the reporting of four of the divisions through him. Although they still have access to me, they do in general practice report to him. The same way on the administration side; I have a controller of administration, and there are three divisions who report through him for most of the times, although they still have access to me. It is very, very difficult to divide



these things as clearly as if it were between marketing and manufacturing in an organization. It is very difficult to divide broadcasting from administration.

THE CHAIRMAN: Well, I was asking the question because I looked on the chart and it seemed to me there was quite a number of people who had access to you and for whom you are directly responsible. I was interested in the BBC, which is after all in the broadcasting business, but the Director General there has only six people responsible to him, one of whom is his alternative and executive assistant.

MR. OUIMET: Actually, it is the way the chart is prepared, because the BBC has six reporting to him, and they are his functional heads. Well, I could say the same thing here. I can say the regional people do not report to me, but whether in the BBC or CBC that would not be quite right. A functional head obviously has not got full line authority because he cannot take a final decision because his function is always related in some degree to other functions.

COMMISSIONER STEWART: While on the subject of finance, I see there is a statutory limitation on you through the Act as to the amount of money you can spend. I think it is \$25,000 for capital purposes, without consent. Presumably that means without the consent of some Government body. I have no idea what the costs are, but looking at some of these -- I have only seen the one -- some of these television studios, there is some very, very expensive machinery in there: does this limitation of \$25,000 in relation





to the costly equipment which you have to work with create problems for you?

MR. DUNTON: I think that provision was put in the Act for obvious reasons; so that there would be a veto power. That used to be a fairly big figure in broadcasting. In television it is a relatively small figure.

COMMISSIONER STEWART: That is what I thought.

MR. DUNTON: And this provision as it operates now does involve a processing through Government channels on quite a lot of items. They are not details at all. The importance of them has to be carefully checked, but I think it was on large commitments that it was originally intended to cover.

COMMISSIONER STEWART: In other words, that \$25,000 limitation has become outmoded because of the nature of the equipment used in television?

MR. DUNTON: Pretty well.

MR. COYNE: Would there be any figures readily available as to the number of times you now have to go to the Council or Governor in Council to get approval?

MR. OUIMET: We could get that.

MR. COYNE: It may be of interest to see how many times they have to go over there.

MR. OUIMET: There is practically nothing we can buy in television that costs less than \$25,000.

COMMISSIONER TURCOTTE: Does that apply to programming as well, or just capital?

MR. DUNTON: Just capital, that is all.





MR. COYNE: Mr. Dunton, with regard to your wire line contracts for radio distribution, I notice on page 7 of Exhibit 5, which is your booklet on Canadian Radio and Television Networks, you label it 12C, you refer to the fact that these network facilities are provided under a joint contract which you have with the Canadian National and Canadian Pacific railway companies, and you point out that it runs for ten years, to September 30, 1962; are there any provisions in the contract for cancellation prior to the normal expiry date?

MR. DUNTON: I think in the whole contract there are some provisions for reductions or changes after a five-year period.

MR. OUIMET: That is correct, there are provisions for after a five-year period, I do not remember the exact amount from memory; it affects the rates but it is a certain amount.

MR. COYNE: The present figure you show in the next page is approximately \$1,765,000.

MR. OUIMET: That is right, and we cannot reduce it below \$1,000,000.

MR. COYNE: So, in effect, until October 1st, 1957, there is a built-in cost in your radio operations of \$1,765,000, and from that date in 1957 to 1962 there is a built-in cost of \$1,000,000?

MR. OUIMET: By the way, I should explain, of course, it would be nice if we did not have these costs, but we called for tenders on the basis of our needs, and, of course, they had to know how long we



could guarantee the business to them, otherwise they would not have given us the low price or the price that they gave.

MR. COYNE: I appreciate how this arose but, none the less, there is a built-in commitment, isn't there?

MR. OUIMET: Yes.

COMMISSIONER STEWART: You have certain rights to reduce that maximum amount after five years; have the companies on the other hand put any extra escalator clauses in that?

MR. OUIMET: Yes, I believe that is correct.

MR. COYNE: Which is roughly to that  
of 25 --

MR. DUNTON: Of course, that is a minimum, the contract and all the other services, what they charge.

COMMISSIONER STEWART: Quite.

MR. COYNE: Reverting to the question of what the \$25,000 applies to, I notice it is covered in Section 10, which provides that the Corporation shall not, without the approval of the Governor in Council enter into any agreement involving any expenditure in excess of \$25,000. Does that mean it covers something more than the bare purchase of capital equipment?

MR. DUNTON: Yes, it covers, it has been taken, as we understand it, covering any formal agreement or relating to purchases or regular commitments over a period.

MR. COYNE: Turning now to page 54 of your





memorandum where you are referring to the recommendation of the Massey Commission that you should have \$1 per head of population available for radio, does that \$1 figure include commercial revenues or exclude commercial revenues?

MR. DUNTON: As we mention it now, it excludes commercial revenues.

MR. COYNE: In other words, what the Massey Commission recommended was \$1 per head plus such commercial revenues as you were able to obtain?

MR. DUNTON: No, I am sorry, I am referring to what we are suggesting now, I think the Massey Commission had a total amount of \$1 per head.

MR. COYNE: But what you are contemplating or suggesting is that you should have \$1 per head plus your commercial revenue?

MR. DUNTON: Yes. I should add, since this report was drafted a good deal of careful work was done on the radio side where it is easier, because we have, the system has come to a plateau and the projection ahead can be made in a detailed way, and it looks as though to maintain the ceiling of the present service plus capital cost that will have to be made to replace some old facilities, not necessarily bigger facilities over the years, will be more like \$1.07 to \$1.10. Our people would be glad to go over with the Commission's financial advisers these projected costs.

MR. COYNE: When you say capital expenditures, you mean the actual cost of the capital assets,



not just the amortization of a loan?

MR. DUNTON: On the basis of amortizing them over some years.

MR. COYNE: Well, I just have one general question on this, Mr. Chairman. I think the total cost of your radio services last year was about \$14 million, something less?

MR. DUNTON: That is right.

MR. COYNE: And you had commercial revenues of approximately \$1½ million, so there was a net cost in public funds of \$12½ million, roughly. Now, on the basis of \$1 a head, I think our population is now about sixteen million and it is expected to rise by 1961 to eighteen million, which means that if you had \$1 per head of population you would have revenues this year of \$16 million and potentially in five years' time \$18 million?

MR. DUNTON: We do not think of the population going up quite that quickly.

MR. COYNE: I do not think it is of any particular relevance, it is going to go up, and it will be between seventeen million and eighteen million.

MR. DUNTON: As I say, it is pretty closely figured and if you check into the amount, first, some small percentage of increase in normal salary increment and that sort of thing, you find you get to a ceiling pretty soon. Actually this latter figure I mentioned is worked out more to take care of the years ahead and the capital costs; we are not concerned about





the cost of the immediate two or three years.

MR. COYNE: Is it in effect that you are saying that regardless of the fact that you anticipate that the radio services are reaching a plateau, you, none the less, over the next few years are going to require substantially more funds than you have been spending in the last two or three years?

MR. DUNTON: We would not say they were substantial, a very small percentage more to take care of some of the inevitable increases in costs, including the amortization of some capital facilities that are very badly needed.

MR. COYNE: There is always a question as to what substantial is, but if you compare your last year's expenditures with what you would obtain this year on the basis of \$1 a head, it is \$12½ million and \$16 million.

MR. DUNTON: For last year. As I say, the problem is not so much in these immediate years, it is looking ahead, and I think again we can see the detailed figures on how the rise in expenditure would fit into that amount, including taking care of the capital expenditures that are needed.

MR. COYNE: Well, the substance of what you say in the subsequent paragraphs where you deal with coverage and so on, these increased funds which you would anticipate at \$1 per head, you will be able to increase your coverage by 2½ per cent at a cost of approximately \$500,000, which is a relatively small amount in these figures, but you will not be able to provide the service for the North which you anticipate





is an additional \$500,000?

MR. DUNTON: That is right.

MR. COYNE: Which amount is a relatively small figure.

MR. DUNTON: It is a fair percentage and in radio we work in --

MR. COYNE: Is it substantial, Mr. Dunton?

MR. DUNTON: We work in very close margins.

MR. COYNE: Well, I do not want to pursue this subject, but that is in effect what you are saying in the memorandum?

MR. DUNTON: Yes, we calculated that about that basis, which is now modified, subject to further checking, but that would maintain the present level, no increase here at all; you have the main part of the extra coverage and needs and you have the cost of amortizing some of the rather badly needed facilities.

THE CHAIRMAN: This is a natural point at which I might ask some questions if you are finished with it, Mr. Coyne.

MR. COYNE: Yes, Mr. Chairman, that is about all I have on that subject.

THE CHAIRMAN: At page 17 of your brief, Mr. Dunton, just before the number 14, you say, dealing with the problems of programme balance necessary to the CBC:

"It has to try to sense the various needs and the possibilities of meeting them and then to share out the available television time and method among them;



and then to match the whole to facilities,  
talent, organization and funds available."

Now, this is a subject on which we have not done nearly enough of our studies yet to go through completely at this time, but I do not think we can wait until the fall because I want to deal with an immediate situation and I think it is passing us. It does seem to me that as far as we can see the broad picture over the years, you have carried some service in the operations of CBC where that figure is \$12 million or \$13 million, so whether it is including working capital or how much free tax there is, there is some service in existence as of the 30th of March, 1956?

MR. DUNTON: Yes.

THE CHAIRMAN: But so far as we can see the picture for the immediate year ahead, you are faced with a good, substantial deficit this year?

MR. DUNTON: Yes.

THE CHAIRMAN: And on the practicabilities of this situation, no new effort of financing or rearranging or anything of the sort is possible to get our report out and in Government hands before the end of the fiscal year. I have seen some figures on this and as to what the costs are going to be, but over all, it looks as if the deficits of this year of about one-third million dollars is likely to rise to something over \$22 million.

MR. DUNTON: We think probably not quite as big as that.

THE CHAIRMAN:, But it is in the order of





\$20 million?

MR. DUNTON: Yes.

THE CHAIRMAN: That is only -- I am putting them both in together?

MR. DUNTON: With the two together you are right.

THE CHAIRMAN: The deficit in sound which was about three-quarters of a million dollars in the year just past is expected to rise to something over \$3 million, and the deficit in the television which was only about \$630,000 in the past year is going to rise to \$19 million plus?

MR. DUNTON: We figure a little less than that according to our latest figure, about \$2 million less than that, and that is estimating rather optimistically.

THE CHAIRMAN: But the point that I am trying to get at is, when you break down these increases you find that the actual cost increases of the current year against the past fiscal year are budgeted as going to \$1½ million in sound and \$13½ million in television. The other main factor is the estimated decline in excise tax revenue, which will be in sound something under half a million dollars and in television just under \$6 million decline in revenues as calculated in the budget. Now, I will agree there is nothing you can do about the decline in your revenues from the excise tax even on stop-gap principles, but is there or should there be something that you could do about restricting the enormous sum of \$15 million in the



cost increase this coming year over last year?

MR. DUNTON: It could be done, and the decision will have to be taken on that within the next few days. It would be very difficult to cut them substantially, it would mean starting right now to dismantle organizations to drop plans for a series of programmes next season, and in a very drastic way it is physically possible; that is starting from this moment to seriously cut the service, but it could be done.

THE CHAIRMAN: But the broad picture which I have outlined, subject to the problems of any budget estimating and so on, is roughly correct?

MR. DUNTON: Yes.

THE CHAIRMAN: Have you anything further, Mr. Coyne?

MR. COYNE: I have a few more questions, if you wish to stay a little later and perhaps finish rather quickly.

THE CHAIRMAN: I think if you can finish now we can start promptly at two-thirty with the next brief. Would it be possible to finish in ten minutes?

MR. COYNE: I think so, if Mr. Dunton and I can co-operate.

THE CHAIRMAN: We can console ourselves that this is not our last chance.

MR. COYNE: Mr. Dunton, would you look for the moment at page 60 in your brief, you are speaking about the provision of finances and you say:

"At the same time the Corporation  
has been unable to have the approval for





extra loan financing for capital facilities which it knew would be required for the scale of national operations started in 1952."

Do you mean by that the Government has not been prepared to lend you the money you needed to build up your capital facilities?

MR. DUNTON: To propose to Parliament that the loans be authorized, as they must do, the large capital commitments.

MR. COYNE: So that is one of the difficulties you have faced in regard to building up your facilities?

MR. DUNTON: Very much so.

MR. COYNE: Turning for a moment, and this is the last subject of my inquiry, Mr. Chairman, to certain provisions in the Broadcasting Act, I understand that the procedure under Section 22, when an application for a licence is made to the Minister of Transport, he refers the application to the CBC for recommendation. Would you just outline for us briefly the procedure that you then follow? I have in mind a public hearing that you call, and that sort of thing.

MR. DUNTON: Very briefly, after a notification of an application, and, in fact, they have been received from the Department of Transport, it is scheduled to come up at a Board meeting. Well in advance of that, about a month usually, a public announcement is made of the application in the Canada





Gazette and also by notices to newspapers and so on, and by letter in most cases, to try to draw the attention of people who might be interested. The Board then has a meeting, an open meeting, at which anyone may appear in connection with the application. The Board also receives representations in writing. The Board then decides and makes its recommendation, which goes on to the Minister of Transport. As you will notice from the Act, applications from new stations require the approval of the Governor in Council.

MR. COYNE: I notice Section 22 specifically deals only with private stations, but what about CBC stations; I believe they require licences, do they not?

MR. DUNTON: I think there may be some question in law as to whether they do or not, but in practice they do since they need a frequency and get that through the Department of Transport. The Corporation usually just simply forwards an application with its recommendation to the Department of Transport.

MR. COYNE: That is with ~~respect to the~~ establishment of a CBC station or any of the changes as to power, channel, that are mentioned in Section 22, you do not call any public hearing or hear representations from members of the public?

MR. DUNTON: Not formally, no.

MR. COYNE: Is there any particular reason why there should not be public hearings of a similar kind where the interests of members of the public who feel much concern could be expressed?



MR. DUNTON: I do not think so, I think it could be done but there is no need for it; I do not think, as it has developed. We would not mind hearing them if it was thought a good idea to have them.

MR. COYNE: But you are satisfied that, your procedure seems to imply that you are satisfied that without public hearings you are able to canvass sufficiently all aspects of the public interest which could be involved?

MR. DUNTON: We think so, because, after all, in the Act we are responsible for the National Broadcasting System, and we try to make recommendations regarding it to our best judgment, and, in effect, the real decision as to what stations the Corporation has are made by the Government.

MR. COYNE: Do you ever, even informally, for instance, if you are establishing a radio station in some area where there are existing stations, do you informally discuss it?

MR. DUNTON: I think it is very well known and can be discussed a great deal, newspapers, public printing and all sorts of things.

THE CHAIRMAN: On that, you were saying in practice, whatever the formalities may be, the decision of the CBC opening a new station, I take it either radio or television, of its own, is taken by the Government, you say?

MR. DUNTON: Yes, we naturally have to take the initiative and ask them, but the Government makes the decision because it is the licensing body and has





the authority over the establishment of stations.

MR. COYNE: Of course, the same is true of a private station, the Government must make the decision as to whether a licence is to be approved?

MR. DUNTON: Yes.

MR. COYNE: When you are giving your recommendation to the Minister of Transport in these proceedings do you give written reasons as to why you recommend in one way or another?

MR. DUNTON: Yes.

MR. COYNE: Detailed reasons setting forth the reason for your decision?

MR. DUNTON: We try to set forth the reasons, but whether they would be considered detailed or not I could not say. We can easily file some sample copies if you wish.

THE CHAIRMAN: We will get those if we need them.

MR. COYNE: Can you tell us whether the Minister of Transport has ever refused to act on a recommendation of the CBC?

MR. DUNTON: Not for a number of years. Of course, things have been held up or some sent back but I think the recommendations of the CBC are being carried out pretty well. There was one well known case in Newfoundland where the Board announced publicly that it thought and recommended that the CBC should have established the station there, and it was sort of a dual recommendation, something about whether it should be a CBC or private station. The



recommendation was that it should be a publicly owned station but if not it should be privately owned. The first part was not accepted and the second was.

MR. COYNE: Of course, there is no requirement in the Act that the Minister should accept your recommendation, he must seek it but he does not have to accept it?

MR. DUNTON: No, that could be taken as a compliment to the Board that so many of them have been followed.

THE CHAIRMAN: The point is, this is an original decision by the Government acting through the Minister, not merely a formality carrying out your recommendation?

MR. DUNTON: On our stations?

THE CHAIRMAN: Well, both.

MR. DUNTON: Oh, yes.

THE CHAIRMAN: It is a Government decision and not a mere formality of the Government acting on the CBC's recommendation?

MR. DUNTON: Very much a Government decision.

MR. COYNE: Could you tell us whether there is any policy which restricts multiple ownership of private stations? I have not been able to find anything in the Act.

MR. DUNTON: Yes, you will find it under the regulations, under the Radio Act, which is the Act under the Department of Transport, under which the Department carries on its duties respecting broadcasting, and it is under Regulation 31 now changed to 32. You will find some rules there which





in effect imply policies regarding the licensing of stations and in any recommendation it makes the Board takes cognizance of these rules.

MR. COYNE: The regulations under the Radio Act?

MR. DUNTON: Yes, Part II, Section 32.

MR. COYNE: Could you tell us very briefly how the CBC's broadcasting regulations are enforced, what the organization or the administration of the regulations entails?

MR. DUNTON: In the first place, the regulations are established or amended, of course, by the Board of Governors. There have not been very many amendments in recent years. We are always open at any time to hear recommendations for changes in the recommendations which are enforced by a division of the CBC which for reasons of economy both act in regard to dealing with policies and also the regulation provisions, which are two quite distinct things, but we find it is cheaper to have them carried out by the same division.

MR. COYNE: Does that apply to the CBC and private stations?

MR. DUNTON: Very much so, they apply to both, and there has been plenty to do with both CBC stations as well as private stations.

MR. COYNE: I think that concludes all the questions I intended asking.

THE CHAIRMAN: Well, Mr. Dunton, we are very grateful to you and Mr. Ouimet and your other





associates for the very complete and careful way that you made your presentation. Not only that, but you made it very interesting. We look forward to having further discussions with you in the fall.

We will adjourn now until two-thirty, or as close as we can strike it, to hear the next brief by Mr. Allard. I do not want to ask you, Mr. Dunton, to be here, but if you plan to be here --

MR. DUNTON: Yes, at least part of the time.

THE CHAIRMAN: I think ~~it~~ might make it interesting if you were here. We will adjourn then until two-thirty.

---The hearing adjourned at 12.40 p.m. until 2.30 p.m.



---On resuming at 2:30 p.m.

CANADIAN ASSOCIATION OF RADIO AND TELEVISION  
BROADCASTERS

APPEARANCES: - Mr. J. J. Allard, Executive Vice-President.

THE CHAIRMAN: Mr. Allard, you are appearing for the Canadian Association of Radio and Television Broadcasters?

MR. ALLARD: Yes, Mr. Chairman.

THE CHAIRMAN: Would you like to introduce those who are appearing with you, and I think at an early stage you should make the formal filings so that we can assign the exhibit numbers to your documents?

MR. ALLARD: Yes, sir. If it be the wish of the Chairman perhaps we could begin by having Mr. Lynds, who is here today, introduce to you the members of our Board of Directors who have accompanied me.

THE CHAIRMAN: Very well.

MR. LYND: Mr. Chairman and Gentlemen: First of all I would like to introduce our Vice-President for Radio, Mr. D. A. Gourd, of Rouyn, Province of Quebec.

Mr. H. A. Ctrittenden, our television Vice-President, from Regina, Saskatchewan.

Mr. C. J. Rudd, Nanaimo, British Columbia.

Mr. Henri Lepage, Quebec City.

Mr. W. N. Hawkins, Owen Sound.

Mr. E. E. Fitzgibbons, Kitchener.

Mr. Vern Dallin, Saskatoon, Saskatchewan.

Mr. W. T. Cruickshank, from Wingham, Ontario.





Mr. John Hirtle, from Bridgewater, Nova Scotia.

Mr. R. J. Buss, from Medicine Hat, Alberta.

And Mr. J. A. Hammond from Montreal, Quebec.

Mr. Geoff Sterling from St. John's, Newfoundland and, of course, you know Mr. Allard, our Executive Vice-President.

THE CHAIRMAN: We are very grateful to you for showing your interest in bringing so many of your directors to appear before us at this opening session.

What documents have you, Mr. Allard?

MR. ALLARD: If it meet with the approval of you, Mr. Chairman, and the Commission, I should like to file the main brief and certain supplements thereto. It had been our intention, and we would suggest that the summary of our main brief be dealt with later.

THE CHAIRMAN: I think the easiest way for you, if it is all the same to you, is to put in Exhibits and we will get them marked and maybe put them back and outline them, and do much as we did on Monday morning. I think the next Exhibit number open is sixteen.

- EXHIBIT NO. 16: Brief of the Canadian Association of Radio and Television Broadcasters, March 15, 1956.
- EXHIBIT NO. 17: Copy of brief submitted by C.A.R.T.B to Royal Commission on Canada's Economic Prospects.
- EXHIBIT NO. 18: Elliott-Haynes survey of attitudes of Canadians with regard to the ownership and management of the broadcasting industry in Canada 22nd February, 1956.
- EXHIBIT NO. 19: Article and speech by Sir Thomas Beecham.
- EXHIBIT NO. 20: Survey by Canadian Institute of Public Opinion on Canadian Attitudes toward Television and Radio Broadcasting (March, 1956)



- EXHIBIT NO. 21: Article by Gerard Fay of Manchester Guardian on how the printed form of publication won the right to report to Parliament.
- EXHIBIT NO. 22: An analysis of Canadian Radio and Television Station Schedules by Programme Classification, April, 1956.
- EXHIBIT NO. 23: Random sampling of some of the public service activities performed from time to time by some C.A.R.T.B. member stations.
- EXHIBIT NO. 24: Group of reports submitted by certain C.A.R.T.B. member stations in competing for the John J. Sillin Jr. Award.
- EXHIBIT NO. 25: Answers to certain questions asked by the Royal Commission on Broadcasting.
- EXHIBIT NO. 26: Report on the Teen Age Book Parade.
- EXHIBIT NO. 27: Collection of clippings of news reports, feature articles, editorials and letters relating to broadcasting.

MR. ALLARD: That completes the submissions to be made on behalf of the C.A.R.T.B. to this Commission. I might add, sir, however, in view of the discussion and some of the questions asked during the past day or two there have been certain opinions crystalized amongst the Directors who were present, and they have certain views on some of these subjects that might later be usefully put forward not in their capacity as the Board of Directors of this Association but purely in their capacity as interested broadcasters. We have summarized those views in a typewritten document and we can place that in the hands of the Commission now or in reply to a later question or in whatever form the Commission may desire.

THE CHAIRMAN: I think if you have copies now, we won't get to it probably this afternoon, but it





probably would be a good idea if we could have copies of it and get a chance to glance at it overnight.. I don't know what this document contains, but I would like it clearly understood at the outset that any members of your Board who wish to speak now in their personal capacity, they will be welcome to be heard, or alternatively as we travel about the country we hope we may see some of them. We are here, and there is nothing formal in the mere fact that you are presenting an association brief. It is quite easy for anyone of your directors who wishes to speak individually to do so. I am not inviting it; I am just saying this has happened and we are thinking of this, in a sense, as a sort of round table discussion, and therefore the formalities are not at all rigid.

MR. ALLARD: Than you very much, Mr. Chairman, and we do anticipate that we will lean on our directors in one or two instances for the information of the Commission.

The document before you is submitted by the interested and experienced group of broadcasters here present purely in their individual capacities, and deals with certain possibilities for the financing, structure and form of a state agency operating in the field of broadcasting.

...EXHIBIT NO. 28: Memorandum regarding alternatives for the structure and financing of a State broadcasting agency.

THE CHAIRMAN: That concludes the formalities of document filing, so will you proceed to summarize or outline your submissions, Mr. Allard?





MR. ALLARD: Thank you, Mr. Chairman. I should say, perhaps, that we are here to-day representing the Canadian Association of Radio and Television Broadcasters which at this moment has one hundred and forty radio and twenty-five television broadcasting members scattered throughout Canada from St. John's, Newfoundland, to the other extremity of the country.

THE CHAIRMAN: Does that mean you have gained three members in the radio field since you wrote the brief?

MR. ALLARD: I am very happy indeed, sir, to say this is the case. These are the stations which are providing the bulk of the distribution of Canadian programming for the Canadian public, and which serve the people of Canada in virtually every community from coast to coast, day in and day out, and provide those individual communities with views which reflect and express the hopes and aspirations of each community. In virtually every case the stations concerned are owned and operated by the people who live in the community, are part of it, and understand its needs and aspirations fully, and in certain cases offering leadership to the extent of assisting them in their expression. Many of these are the stations which pioneered broadcasting into Canada, giving service in the very difficult, early and experimental years.

Some of the member stations of this association were amongst those stations which began broadcasting in Canada <sup>as</sup> far back as 1922, and assisted in its



development in the period between 1922 and 1929, and of course thereafter. As you will have noted from the two supplements filed with the Commission each of these stations has a very proud record of public service and does service in the public interests to its or to their respective communities.

We are proud to say that this public service is so useful to and so acceptable to the people served by our member broadcasting stations that in nearly every case it has enabled these stations to operate at a profit, thus offering their assistance in the form of taxation to the development of the country's operations.

There is one other supplement on which I would like to offer a little comment in the hope it would be useful. The supplement we have filed as No. 1, being a copy of our brief to that commission popularly known as the Gordon Commission, refers on page 3 to the existing economic status of broadcasting stations in Canada. We point out that as of December 31, 1955, the Radio Broadcasting stations and Television Broadcasting stations referred to represented a total capital investment of approximately \$44,000,000. They were then providing full time employment for more than five thousand Canadians, and part time employment for an additional eight thousand. This represented a total annual payroll of close to \$20,000,000.

THE CHAIRMAN: What is your figure for capital investment?

MR. ALLARD: \$44,000,000, approximately.  
During 1955' these stations originated more than 105,000





local live programs in addition, of course, to their other program production. These local live originations represented a total special talent expenditure of more than \$2,000,000. This, of course, was in addition to regular assisted and continuing program costs.

In addition to the factors mentioned above these stations spend in their communities an annual amount of close to \$11,000,000. and pay a power bill approximating \$467,000. a year.

The existence of broadcasting stations in general has created marketing and employment opportunities for the manufacturing industry and for service trades. The Dominion Bureau of Statistics estimates that as of September, 1955, there were in Canada 5,028,000 radio receivers and 1,496,000 television receivers, and of course, both those figures have appreciably increased since that time. We estimate that the approximate depreciated value of the radio receivers in use at that time was slightly over \$300,000,000., and that of television receivers just under \$500,000,000. We have been completely unable to obtain reliable figures on costs of installation, servicing costs and annual payments for replacement of tubes, parts, and other components, but we have good reason to believe from our experience that these payments were substantial.

Payment for the power to operate these sets totals approximately \$10,000,000 annually in the case of radio receivers, and just over \$5,000,000. for television service. The existence of broadcasting stations



has also created or expanded allied trade such as news agencies, line companies, sales representative firms and program production agencies.

(Page No. 505 follows)



We refer to programming production agencies for a very specific reason. The figures given here for cost of local live programmes do not reflect the total expenditure by our member stations on payments to Canadian production and performing talent. For several reasons, programme production tends toward what might be called "syndication" -- the same system employed by newspapers to obtain their feature articles, comic strips and some of their national and most of their international news.

By this means, the cost of producing news or feature articles or broadcast programmes can be spread over a number of user units making more and better service available to each such unit. That is why programme production by way of network enables an efficiently operated network to produce and distribute to each of its members a greater number of live programme originations than all could produce in total when acting independently. A parallel lies in the daily newspaper arrangement of obtaining national news stories from such organizations as Canadian Press or British United Press rather than each member newspaper maintaining a large staff of its own correspondents at every major news centre.

Additionally, those capable of producing or performing material eminently suitable for broadcast programmes have a marked tendency to gather in larger centres. In the larger centres of population there are more opportunities for the employment of their talent and they become dependent





not on one single source, but are likely to have many available. This makes the syndication factor in broadcasting, whether it be by way of network, transcription, film, or other mechanical device even more important than in the case of newspapers.

We have been unable to obtain accurate figures concerning expenditure by broadcasting stations in relation to programme production companies, news agencies or line companies. However, these amounts must be substantial. Moreover, the producers and publishers of copyright musical works -- and this refers in no way to literary work, but simply musical -- will receive in the current calendar year an amount of not less than \$700,000 from the non-government radio and television broadcasting stations of Canada. This point is not without its importance, since the production of material is equally as important as the actual distribution of it.

Sales representative firms, acting exclusively for broadcasting stations, have a total capital investment of just under \$1 million, a total of 596 employees, with an annual payroll of close to \$2 million, themselves pay more than \$100,000 annually for artists and talent fees, \$80,000 annually for films and kinescopes, \$7,000 for discs and tapes and some \$54,000 annually for technical supplies.

We come now, Mr. Chairman and Commissioners, to the points brought forward in the main brief which we have submitted to the Royal Commission. Our



recommendations as contained in that brief are but two. We are recommending that the Commission give what consideration it may deem proper to including in its recommendations proposals for a separate regulatory body and for competitive -- and we are using the word "competitive", not "operates", which in our view is different -- on television licensing in any town or city or other area in Canada. We would like to make it perfectly clear if we possibly can what we mean by a separate regulatory body.

THE CHAIRMAN: Take this a little more slowly, please. You have a tendency to go too fast for us to make any notes.

MR. ALLARD: We should like to make it unmistakably clear that this Association and its members have no wish whatsoever to destroy or emasculate the Canadian Broadcasting Corporation as an operating body. In fact, it is part of the official policy of our Association to agree with the Government's view that some form of state agency operating as a broadcasting unit should remain in being in Canada. Nor have we any desire that Parliament or the Government, either or both, should abrogate any of the regulatory functions that properly belong to them, and we are not suggesting that these be removed or diluted in relation to broadcasting. We are not even suggesting that it is improper for these functions of Parliament or the Government to be delegated under certain circumstances to an appropriate administrative tribunal. We are suggesting only that such







an administrative tribunal in the case of broadcasting should represent third-party judgment, that it should be a tribunal in no way connected with any body which operates broadcasting stations or networks, including the Canadian Broadcasting Corporation and ourselves. Essentially that is what we mean by the phrase "separate regulatory body".

We might, Mr. Chairman, outline a little more now our case in connection with a separate regulatory body. As pointed out in our brief, the existing regulatory concepts of broadcasting were devised in the infancy of this American science when its position in our society could not have been foreseen or accurately assessed. These concepts, we suggest, are now obsolete and they are inappropriate to broadcasting. First of all, to place an operating body in the position of being also a regulatory body, and one which also has power to regulate its competitors. May we turn briefly first of all --

THE CHAIRMAN: Would you say that again. "Place an operating body . . ."?

MR. ALLARD: Place an operating body in the position of being simultaneously a regulatory body, and a regulatory body also possessed of such regulatory power over its competitors.

The historical background, Mr. Chairman and Commissioners, appears to be this. As we pointed out earlier, broadcasting as an industry began in Canada around 1922. The art and science developed with rather a surprising rapidity for one that was



then so little understood and which could not have been and was not, in fact, popular. It was then an experimental adventure. By 1927 there were approximately 65 such broadcasting stations in existence in Canada, all of them owned and operated by citizen interests and giving service to virtually every part of the Canadian community, frequently in the smaller areas.

In or about 1927 the first Royal Commission on Broadcasting was appointed, and it turned in its report to the Government in 1929. Essentially, that report recommended the complete nationalization of broadcasting in Canada, and there was also suggested certain overtones of semi-commercialism, or even a completely non-commercial system somewhat akin to that existing until recently in Great Britain.

Between 1929 and 1932 there was a number of existing broadcasters who not unnaturally thought it proper to withdraw from the broadcasting business. As they saw it, their future consisted only of nationalization. Apart from that, little other action seems to have been taken, which may have been due to the fact, if my memory of the years between 1922 and 1929 is correct, that the Government may have had other pressing problems on its hands.

In any event, the first Parliamentary Broadcasting Committee sat in 1932. It agreed in principle with the major recommendations of the Aird Report and suggested to the Government that nationalization of broadcasting in Canada should be





carried on but with obvious overtones of a "go slow" policy. The Committee felt, apparently, it might not be wise to immediately nationalize stations, but they should be taken over or closed down as the new agency was able to take these various steps.

As a result of this Committee sitting and recommendations, the first Broadcasting Act was passed in 1932. This set up an organization known as the Canadian Radio Broadcasting Commission. That Commission was to continue in operation for the subsequent four years. By and large it seems to have concentrated its energies on the production programmes and in part on the distribution of these, utilizing the facilities in existing privately owned stations quite heavily to do this, although some stations in various parts of the country were, in fact, taken over.

Between 1932 and 1936, a period again when economic conditions were not necessarily at their best, the broadcasting system did not develop with the same speed as it had in the period between 1922 and 1926. In 1936 what is basically the present Broadcasting Act was passed and set up an organization known then as now as the Canadian Broadcasting Corporation. In the 1932 Act there had been created a Board known as the Board of Commissioners of the Canadian Radio Broadcasting Commission, a three-man board, one of those being the chairman. The Board of Commissioners appears in our view to have been intended to be a sort of supervisory citizen body to represent the citizen interest in the conduct of





affairs of the new C.R.B.C.. In other words, perhaps acting in pretty much the same form and capacity as does the Board of Governors of the Bank of Canada today or the Board of Directors of Central Mortgage and Housing. In any event, the C.R.B.C. was given power to acquire the existing stations, and when, in 1936, the Broadcasting Act was substantially modified, the Board of Commissioners was continued in existence as the Board of Governors of the Canadian Broadcasting Corporation. We suggest, therefore, that the present regulatory system in broadcasting is, by and large, a historical accident. Those who framed the original 1932 Act certainly did not intend that the Board of Commissioners should have any power over the privately owned station, simply because they had no intention of seeing the privately owned stations continue in existence. When the Act was revised in 1936 the power to acquire existing stations was left in the Act and there may well even at that late date have been some thought that in due course the Board of Governors or Board of Commissioners of the state-operated agency would in due course become or remain nothing more or less than a body representing the citizen interest in connection with operating the agency itself. So much for the historical background.

THE CHAIRMAN: Before you leave that, I don't want to start questions now, but supposing it was a historical accident. So what? There is nothing particularly bad about being a historical accident. We have had lots of them in Canada.



MR. ALLARD: Yes, Mr. Chairman, and we are not particularly making a point of this. This is a review which ties in later with other aspects of our case, and it means no more than this, except that it will tie in later; we suggest that the present regulatory structure in Canada is not the only one that could do an efficient job, and that there are other alternatives, and that it has been arrived at not because of a careful and long-term examination of possible alternatives, but merely because of the historical developments.

THE CHAIRMAN: You are saying, in effect, the way it came about didn't give it any particular support, but that still does not mean that if the present set-up is the right one, the fact it came about by accident would necessarily make it bad.

MR. ALLARD: Precisely, sir.

(Page 515 follows)





The present situation, therefore, tending from this sort of a situation is this; first of all, the regulatory board is really fixed by the Act in the Board of Governors of the Canadian Broadcasting Corporation, which, in fact, is in the Act of Corporation. With one exception the Board of Governors of the Canadian Broadcasting Corporation is made up of people whose full-time occupation is not that of being a member of the Board, they are people with other interests, whose major livelihood, if you will, is derived from other directions. The Board of Governors of the Corporation meets four or five or six times a year, something in that order, for two, three or four days at a time, and during the course of these meetings it is expected to do and called upon to do two major things; first of all, it must foresee and administer the affairs of a large Corporation whose annual expenditures in the fiscal period ending March 31, 1955, was just under \$30 million. Secondly, it is called upon to administer a very complex arrangement of recommending upon licences and related matters for non-government stations and regulations made for the operation of such stations, and, indeed, for its own.

Now, this relates in certain situations; first of all, we suggest it seems reasonably obvious that with this variety of duties before it the Board of Governors must turn to the staff, the administrative staff of the Corporation for advice, assistance and recommendation. This, of course, is perfectly proper and we would not for one moment suggest there



was anything wrong with such a course of action. It does mean, of course, that some of the advice, whether taken or not, received by the Board of Governors is received from an operating board with a direct competitive interest in some of the matters before the Board. In the first instance, the Board of Governors, through the Corporation, is in fact the governing or regulatory board for the Canadian Broadcasting Corporation itself. This is the same situation that might exist if a company supplying milk from door to door for consumers became the milk commission or the milk board of a province or if a utility company, an electric light company either publicly or privately owned became the utilities commission of a province.

It may well be that the station regulations division of the Corporation warns its own stations of breaches of the regulations, but it would certainly place the Corporation in a position that might be described as unenviable if it were forced to recommend the cancellation of a licence of one of its own stations for a course of action that might result in such a recommendation in the case of the non-government station.

THE CHAIRMAN: Has there ever been such a recommendation of cancellation of private or public stations?

MR. ALLARD: To the best of my knowledge there has certainly been no recommendation of a cancellation of a non-government station, I am sorry, of a Corporation station, and in the case of non-





government stations there have been none in recent years; there might have been in the prior years, but there has been no such recommendation since the Board was holding public meetings.

THE CHAIRMAN: Perhaps if they do not recommend it it is not so important.

MR. ALLARD: Or it might mean that the non-government broadcasting stations have been so carefully operated within the regulations that no such regulation became necessary.

THE CHAIRMAN: I would suggest that was it, but the point, how unenviable the position is for such a body charged with these things, if these things have not arisen. It is not a very pressing practical point.

MR. ALLARD: Well, we would have no knowledge of the point if it arose in the case of one of its own stations.

Now, in addition to that, the Corporation and regulatory board in connection with the privately owned stations at the same time, of course, that it is an operating body in its capacity as an operating body, the Corporation competes with the non-government stations for both audience and business, yet it is a board of regulation in relation to this group of individual stations with whom it is so competing. Now, let us observe what happens in connection with licensing procedure.

THE CHAIRMAN: May I stop you there for a moment. The CBC competes for audiences and what?





MR. ALLARD: And for business.

THE CHAIRMAN: You are talking about commercial business?

MR. ALLARD: Yes, sir. The Broadcasting Act requires, I think in Section 22, that the Minister of Transport before dealing with any application for the licensing of a non-government station and for other matters, must refer these to the Corporation for recommendation. Now, to illustrate: suppose that someone wishes to begin operating a non-government radio broadcasting station in the City of Montreal. His application will in due course come before the Board of Governors in order that that body may make a recommendation as it is required to do to the Minister of Transport. The operating corporation already has two radio broadcasting stations and two television broadcasting stations of its own in the City of Montreal, the Board of Governors must, as has been point out, quite properly, obtain some assistance from its administrative staff in aiding it to make recommendations and generally conduct its affairs. It would be astonishing in the course of conduct if the administrative staff were not at least aware of the fact that the Corporation owns broadcasting stations, at least in Montreal, and the application must, therefore, be considered in that light rather than in the purely judicial light, that it was interested in an administrative tribunal or knowing it was in no way an operating body. There is simply this additional fact, the Corporation stations, in the case of radio at least, in our



hypothetical instance, in Montreal, can be heard in other adjacent cities, the Cities of Cornwall and Sorel, to take instances, and consequently the same situation obtains in like instances.

In connection with regulatory procedure, the CBC is the body which writes, which administers, and, when necessary, interprets and enforces the regulations both in the case of its own stations and in the case of the non-government stations. It is inevitable, indeed desirable that certain of these regulations should concern themselves with the business that is carried by broadcasting stations, yet the Canadian Broadcasting Corporation is, in itself, at times an active seeker but always a potential seeker for the same source of business or potential source of business as those from which the non-government stations derive or hope to derive their revenue. We suggest this places the Corporation in an unenviable position, no matter how fair or proper, no matter how just any regulation which it may promulgate or no matter how fair its administration thereof, it is always difficult for the public in its own mind, including by and large the broadcasting public, to divide the Corporation into its regulatory and operating functions and wonder if a different decision might not have been arrived at or a different regulation promulgated if it was purely a regulatory body with no operating interest whatever. We suggest it is important that the Corporation ought to have the maximum amount of public support and confidence that can possibly be obtained, the support and confidence that would be





forthcoming if it were purely and simply an operating or programming body.

Now, it is true, of course, that conferences take place from time to time between those who own and operate non-government broadcasting stations and various representatives of the Canadian Broadcasting Corporation. It would, indeed, be curious if this were not so. In the first place, Canadians, by and large, are a courteous people by nature and are inclined to get along with each other even under difficult circumstances. The Prime Minister and the Leader of the Opposition do not, I suggest, go about knocking each other down every time they meet, but that is not to say that there are no differences of opinion between them or that one of them, given the opportunity, would not like to replace the other.

Similarly, both non-government broadcasters and the Canadian Broadcasting Corporation are in the business of operating broadcasting stations and because of this it is almost necessary that they should meet from time to time in order to trade certain views and discuss what might be done about certain problems. We should like to point out, at the same time, that a conference is not necessarily a consultation and that a consultation in the correct sense of the word can take place only amongst equals, people relatively equal, a suggestion put out by a casual friend to another one, one that may be accepted or it may not, depending on how we feel about it at the moment. But, a suggestion or even the hint of a suggestion



tossed out by the president of our company is likely to receive immediate and active attention. Indeed, a consultation between the general manager of a company and the president of the company is least likely to be a consultation in the correct sense of the word than the interchange of views in which the president can always, if he likes, have the final word. The consultation is always in an atmosphere different from that which exists amongst equals when one of the parties can finally enforce his will if it comes to that point.

Now, the result of this interesting combination of circumstances is demonstrated in part with some of the supplementary material that we have filed with the Commission. It has aroused a great deal of controversy throughout the country, a great deal of concern, and much of this is reported in all forms of communication. It is increasingly reflected, we suggest, amongst the public and some of the public views on this issue are contained in one of the supplements which we filed with the statement dealing with the survey made on our behalf by the Canadian Institute of Public Opinion. The Commission will find several interesting things in this particular survey, and the one which surprised us most was this; the survey is broken down not only by totals but by various groupings reflected within that total, and not only is there a surprisingly widespread degree of public support for competition, competitive television licences and a separate regulatory board.





We find that this degree of support exists in both large centres and small, in all the major geographic centres of the country and across every single segment of the political life of the country.

THE CHAIRMAN: Where is that?

MR. ALLARD: That, Mr. Chairman, is the supplement filed as Supplement No. 4.

THE CHAIRMAN: That is Exhibit what?

MR. de GRANDPRE: Exhibit 20, Mr. Chairman.

THE CHAIRMAN: I do not want to divert you from what you are doing, I just want the reference to the particular exhibit because I have not my copy here, it is back at the hotel.

MR. ALLARD: Do you wish to ask some questions?

THE CHAIRMAN: No, I just wanted the cross reference to the exhibits, that is all.

MR. ALLARD: Now, in addition, Mr. Chairman, to the business itself, this situation has had one particular effect and we think it worth while to make some mention of it. It is, of course, open to anybody who owns or operates a broadcasting station to make any criticism he wishes of the Canadian Broadcasting Corporation. It must also be kept in mind, in all bluntness, that when he makes this criticism he must be well aware of the fact that he may appear before the Canadian Broadcasting Corporation in a month or six weeks to ask for a television licence or an increase in power or a change of frequency or some like matter, and it is quite obvious that this particular juxtaposition of circumstances has in





fact had its effect upon the atmosphere existing in the broadcasting industry today and in certain allied trades.

Now, all these matters may be of relatively little important if they were applied to a small industry except as a matter of fairness or quality, or if they were applied to an industry other than that which, like broadcasting, is publication, and, consequently, is one of the major channels by which people are informed of what goes on in the world and what people say and think about what goes on in the world.

One of the reasons that serious questions have been aroused about the present regulatory structure is that it is now apparent that broadcasting is a modern means of public news and information, that it is publication in the legal and moral sense of the word, and, consequently, part of the press. There is a considerable bit of opinion in that part of the world, which, by and large shares our background. I would like to, if I may quote very briefly from a Judgment of the Supreme Court of the United States; this is a case of *Burstyn versus Wilson* in the United States Supreme Court, October Term 1951, No. 522, Judgment 26 May, 1952.

THE CHAIRMAN: What is the name of the case again?

MR. ALLARD: The name of the case is *Burstyn versus Lewis A. Wilson*. Now, this particular judgment refers to motion pictures and not to broadcasting.

THE CHAIRMAN: I should tell you that if



this Court Room was being used in its normal capacity you would not be allowed to quote this.

MR. ALLARD: I realize that, nor are we hanging anything particularly on this but one or two of the references made in connection with motion pictures are also very important, they deal by reference directly and collaterally the things that have been said in connection with broadcasting. The Supreme Court says this:

"It cannot be doubted that motion pictures are a significant medium for the communication of ideas. They may affect public attitudes and behaviour in a variety of ways, ranging from direct espousal of a political or social doctrine to the subtle shaping of thought which characterizes all artistic expression. The importance of motion pictures as an organ of public opinion is not lessened by the fact that they are designed to entertain as well as to inform.

"The line between the informing and entertaining is too elusive for the protection of that basic right (a free press). Everyone is familiar with instances of propaganda through fiction.

"It is urged that motion pictures do not fall within the First Amendment's aegis because their production, distribution, and exhibition is a large scale





business conducted for private profit. We cannot agree. That books, newspapers and magazines are published and sold for profit does not prevent them from being a form of expression whose liberty is safeguarded by the First Amendment. We fail to see why operation for profit should have any different effect in the case of motion pictures.

"It is further urged that motion pictures possess a greater capacity for evil, particularly among the youth of a community, than other modes of expression. Even if one were to accept this hypothesis, it does not follow that motion pictures should be disqualified from First Amendment protection.

"For the foregoing reasons, we conclude that expression by means of motion pictures is included within the free speech and free press guarantee of the First and Fourteenth Amendments."

Now, there are, Mr. Chairman, some references by courts and individuals that we would refer to the Commission if we may. I would refer to the Hutchins Commission in 1947. The Hutchins Commission can, I think, be fairly described as not being particularly friendly to either the newspaper business or the broadcasting business. However, the Commission stated unanimously that in its view



broadcasting is publishing. It said specifically and precisely this:

"'We recommend' said the Commission, 'that the constitutional guarantees of the freedom of the press be recognized as including the radio and motion pictures.

'We believe,' they added, 'that such regulation of these media as is desirable can and should be conducted within the limitations which the federal and state constitutions now place upon the regulation of newspapers and books.'

In addition, one of the special studies published by the Commission was entitled 'The American Radio'. It began, 'Radio Broadcasting is an essential part of the modern press'. Later on, referring to TV and facsimile broadcasting, this statement was made:

"'Together, these newer instruments mean that radio, as much as or more than the printing press may eventually become the chief medium for distributing words, images and ideas in our society.'"

Then, there is a reference by Mr. Herbert Brucker of the Graduate School of Journalism at Columbia University in his "Freedom of Information" published in 1949.

"'Recently,' he says, 'we have begun to say that the newspapers and



radio have done this, or ought to do that. This recognition that the rotary press is not the only mechanical contrivance that can serve as a medium for distributing news is a reminder that journalism is bigger than ink on newsprint. It is, indeed, merely an accident of technological history that, from the invention of printing until this century, journalism was synonymous with printed matter.

'The fact that journalism and the printing press grew up together has obscured the fact that journalism existed before the printed newspaper.'

Now, we come to Great Britain and here is a reference from quite a well known printed publication known as "The Economist" in its issue of October 28, 1944. It says this:

"The only event in human history at all comparable with the invention of radio, from the social point of view, is that of printing. What would have happened to our liberties -- indeed to our intelligence -- if the printing press had, from the start, been monopolized to a public corporation, be it never so well-intentioned."

This being a British magazine the reference was only to the status in the country.

"For centuries now it has been common form among the Western democratic





peoples to look down upon any benighted country which reserved the power of the press to authority, and to pity it not only for its political captivity but also for its ignorance, its intellectual backwardness and the technical poverty that are the inevitable consequences of a censorship . . . Yet a complete breach of the same doctrine, relating to an instrument that may yet prove to be still mightier than the pen, is looked upon with complete indifference . . . If radio was to be the servant of a free society and not its assassin, it must follow in the printer's footsteps."

Then, there is a very interesting remark by Mr. Justice Jackson J. Hayes, who is a member of the Superior Federal Supreme Court of the State of North Carolina, although he was speaking not from the Bench but to the Freedom of Information Clinic at Raleigh, North Carolina, on January 14, 1954. In part of that speech Mr. Justice Hayes, who had recently been dealing with this subject, said this:

"I am unable to see why freedom of the press which, when it was included in the law of the land, was the recognized medium for the dissemination of information, should be restricted to the instrumentality of the print shop; a liberal interpretation would extend the



guarantee to the radio, photography and television. These modern means of spreading information have gained wide popularity. Indeed, many will listen who will neither read or look, and vice versa." And, finally, there is another case; this is in the Superior Court of New Jersey in September of 1951. The question before the Court then was whether WLJK, a radio broadcasting station at Ashbury Park was or was not a publisher. The Court's decision hinged on the fact of whether the station could place its microphones at a meeting of the city council, and the Court ruled in this way:

"I find it a fact on the affidavit submitted to me that the inclusion of a radio news broadcast of this public hearing would be a violation of the federal and state constitutional rights guaranteed to the press. I find further that radio news broadcasting is, by definition of this Court, 'press' under the constitutional provisions."

There are, Mr. Chairman, a great many other illustrations and if, in due course, the Commission would be interested in further examples we could have these put before you for perusal at such time as may be convenient to you.

We make this point at some length because all democracy is based on freedom of information, the peoples' right to know, a phrase sometimes used in





terms of "freedom of the press", which, of course, does not imply and is not framed for the press, it is simply the right of the people to inform themselves by the press which today includes broadcasting. Broadcasting is one of the best means for keeping most of the people informed most of the time. Publishing may be by voice or by television, the mechanical means used to publish is unimportant, and the law can properly make a very sharp and straight, precise definition between publication on the one hand and printing on the other, the latter being entirely a mechanical act in the publication. The responsibilities attached to publication existed even before newspapers and pamphlets were widely spread amongst the western European people. I might add at this point that the phrase, a defamation by publication, appears in the Defamation Act here in Canada, an Act which has been adopted in the Yukon and three of our Canadian provinces, so, consequently, there is at least some Canadian background in this connection. It is much more difficult to have the barriers to the people's right to know removed when the official also controls the means of information, especially in this age of instantaneous mass communications. We suggest that all personal freedom is based on the people's right to know. Broadcasting today is one of the chief means of disseminating news, information and opinion and will become increasingly important in the years ahead, and, therefore, the degree and method of



regulation ought to be assessed within the framework of that issue.

We come now, Mr. Chairman, to the question of the channels on which broadcasting --

THE CHAIRMAN: Are we leaving this point of freedom of the press there?

MR. ALLARD: Yes.

THE CHAIRMAN: I was going to go back to it but I was just wondering how you apply it? Perhaps you could think about this overnight, but, suppose, for the sake of the present argument, in some sense of the word broadcasting is part of the press, which is your contention, where does that take you? You have already stated as I took it down that you agree that some form of state agency should remain, and you say that you do not contend for a moment that the Government should give up its regulatory powers in broadcasting. You take your argument about broadcasting being part of the press, then obviously you qualify it to some extent by these two statements, because I cannot conceive of the newspapers agreeing that some form of state agency should come into existence or that there should be some Government regulatory power over newspapers. Where does that argument take you?

MR. ALLARD: It takes us in our view to this point, that, first of all, there must continue to exist some form of Government or state regulation of broadcasts in order to maintain physical order in the airways. Those were things which were touched upon, that as long as present manufacturing techniques





remain there will always be some need for a body which licenses and which sets down the regulations under which transmission may be placed on a certain channel or a certain group of channels. This much is obvious. Now, we are suggesting secondly that such a body ought not to be an operating body but a quasi judicial body and certainly an impartial, independent body which does not and cannot have any operating interest itself in the possible uses of these channels, or even in the way they are used as long as they are used within the framework of the law and regulations.

THE CHAIRMAN: I do not want to keep interrupting but I can see that argument as having validity or no validity as the case may be, but what has it got to do with the freedom of the press?

MR. ALLARD: That, Mr. Chairman, is the next step we are pointing out, that because broadcasting is publication that the framework of regulation ought to be assessed within that fact, taking full cognizance of it and when inspection is fully justified for some regulatory board which licenses and which lays down conditions under which the licences must operate, that this does not necessarily justify government intervention. If you like to put it another way or look at it another way, we are saying there must be traffic policemen and there must be speed limits but this does not necessarily justify the Government in having too wide or too direct a degree of control over what the people





driving in those cars should say or think or hear or see. Since there must be some form of body which handles the licensing, we are making it quite clear that body's framework, its functions, ought to be so drawn and so defined as to prevent any possible undue information with the expression of news, information or comment over the broadcasting stations which are licensed.

THE CHAIRMAN: Take your analogy with the motor car, the state not only can tell what the speed limit is and have policemen, but also tell people how to drive in conducting a machine that is put under their control.

MR. ALLARD: Well, how to drive to this extent, that if the manner in which they drive is in any way related to the convenience and safety of others. In other words, if there is an accident --

THE CHAIRMAN: Well, let us have a short adjournment on that abstruse point.

---Intermission.



---upon resuming after recess.

THE CHAIRMAN: Mr. Allard, we were talking about this analogy with the motor car, and I guess we are back to the old rule that all analogies are dangerous, because there is another bigger difference, isn't there between the radio and television business and driving a motor car. The one is a grant of a very limited franchise. It means giving that, whether agreeing or not, it means in each there is no comparison with the driving of a motor car, surely. In the last case you see that people are law abiding and reasonably safe towards others; and anybody can drive a motor car. But, where you have the granting of a valuable franchise, surely it is not unreasonable there should be some rules of operation with the granting of the franchise.

MR. ALLARD: I certainly agree, Mr. Chairman, with your conclusion that analogies are not always parallels. They are, perhaps, helpful only as illustrations. Now, for instance, there is a lot of licensing in the operation of the automobile, but the only analogy we would make at the present stage of manufacturing techniques, there must be a license of all usage of radio in Canada, not only broadcasting, but the public utility usage as well. We would like to see a framework of regulation for whatever body that handles the licensing and technical regulation that makes it clear that the regulatory structure ought to be such as to permit a free distribution of news, information and opinions.





Now, it also happens, Mr. Chairman, that there are different views on the nature and extent to which broadcasting is distinguished from other usage, which are not the commonly accepted sense of the word franchise. There was a comment by Mr. Davies, with whose work you are probably familiar, some years ago. And I think I have it handy. In making certain comments in a handbook called the Law of Radio Communication, written in 1927, Mr. Davies at page 14, said this:

"The right to build and operate a  
"radio transmitting station or  
"receiving set is as natural and  
"inherent as to engage in any other  
"legitimate human activity. Funda-  
"mentally it is not a matter of  
"government grant or privilege."

Now, he wasn't arguing, of course, that a certain degree of technical regulation was unnecessary in this respect. Yet, I suppose if we are going to keep our present analogy, it boils down to this: While in most provinces you must have a permit or license of some kind to own and operate a motor vehicle, that your right to operate a motor vehicle is not made there by a grant or franchise of the government, but is a right belonging to the citizen as long as he obeys the law.

THE CHAIRMAN: I don't want to argue about words like franchise. The fact is, there is a public grant of some kind, but surely there is a difference where you have a million motor car licenses granted



in the City of Toronto, and the situation, let us say for example, where you are only granting three with the right to make a certain profit out of it?

MR. ALLARD: Oh, yes, indeed, Mr. Chairman, and that is the next point we come to in this particular connection. I dare say there are traffic authorities in Toronto, and elsewhere, who are beginning to wonder if the available road built with public funds can support the traffic on them.

However, it has been argued because the broadcasting station uses a channel there is a right in the hands of the government not only to license this station on matters of technical regulation and matters not primarily of a technical nature, but of a content nature. And this raises a problem. In our brief to the Commission we are suggesting this problem is more of a theoretical problem than a technical one.

We point out there are far more radio stations in Canada than daily newspapers. There are, in economic terms, almost unlimited channels for radio and television channels. And that the real reasons are economic. It doesn't seem to be generally understood, a radio channel is not something that can only be used at one place at one time, it is something that can be used and re-used many times in many places across the country, and across the continent.

Say that, for instance, there may be a radio broadcasting station at 800 in Montreal, again at Belleville, and again in Windsor; which is something that has happened in that particular channel. It can





be used again west of Windsor and east of Montreal, both in Canada and the United States. And this goes on on all channels assigned to the radio broadcasting spectrum.

In the case of television, just to take an instance, channel 2, is being used in Regina and again in Calgary without there being any interference. And that goes on all television channels. We think there is some major misunderstanding. Channels 1, to 4, in the television band, the very high frequency or VHF band as it is generally called, are adjacent. But, channels 4, and 5, are not adjacent, channel 4, occupying the 66, to 77, megacycle width, and channel 5, the 76, to 82, megacycle width. This means, for instance, channels 4, and 5, can be used in the same city, and are in point of fact used in the same city, in Los Angeles where there are seven television stations operating..

Channel 6, is not adjacent to channel 7, in fact, there is a very wide gap. Channel 6, occupying the 82, to 88, megacycle band, and channel 7, beginning at the 174, and continuing to 184, megacycles.

Although, of course, channels 7, to 13, are all adjacent, and then there is another very wide gap before the ultra high frequency channels begin.

Now, there are, for instance, in the City of Toronto at the moment two television channels in the VHF band, one of which is already occupied. But, it will be noted that in the original assignment of frequency channels along the United States of America-Canadian border, it was agreed to between the United States and Canada, on the 23rd of June, 1952---and is





available in printed form from the proper government authorities---that three VHF channels were originally assigned to Toronto itself, 9, and 11.

Now, channel 11, was later transferred out of Toronto and, I believe, is in Hamilton at the moment. And channel 13, originally assigned to that city was transferred to Kitchener, where it is presently in use. Now, those transfers have been made, so it is obvious that these transfers can take place.

There are, in addition, the possibilities of great technological changes in the broadcasting business. Five or six years ago we were all told, and I think most of us believed, that it would be impossible to put another radio broadcasting station in the City of Toronto. And a very clever engineer, who is a resident, in fact, of this very city, devised a remarkable method for getting another radio station in there; and it is now in existence.

These things happen from time to time. Such developments are very likely, in a rapidly expanding art, to take place, also, in the case of television. In fact, the experts of 1932, as late as that year, testifying before a committee in Washington, said that six hundred radio broadcasting stations was the maximum that ever could be supported, by technical limitations, in North America; and there are over two thousand in the United States alone, and there may be more as these things develop.

There is, of course, another factor, and some of this did not appear to be generally understood by the



public. The agreement entered into by Canada and the United States only covers a band of Canada which is 250 miles north of the border and the area between, largely an area towards the border. So, any place like Edmonton, you could in theory operate 20 or 30 television stations. Of course, economically this is nonsense.

THE CHAIRMAN: Twenty or thirty station on the VHF?

MR. ALLARD: There is nothing in the treaty to prevent it.

THE CHAIRMAN: There is nothing to prevent you putting in a hundred under the treaty. But for practical matters there will never be that many in Edmonton.

MR. ALLARD: Edmonton does not fall within the treaty, you can put in as many as you wish.

THE CHAIRMAN: Not how many you wish--I am not trying to confuse this---as I understand there are only twelve channels in the VHF band.

MR. ALLARD: There are also the ultra highs, if you want to get into that.

THE CHAIRMAN: There is nothing to stop anybody from doing that now?

MR. ALLARD: Except the economic limitation. That is the point we are making, any limitations that exist are economic. There are some areas where many more stations could theoretically exist, but they do not because it is economically impossible. But, that is the line of demarkation.





THE CHAIRMAN: Before you leave that, I would like to clear an earlier point you were dealing with. You were talking about regulations being extended to content -- of programmes, I suppose?

MR. ALLARD: Yes.

THE CHAIRMAN: To decide who does the regulating. You admit there are certain types of regulation that the Government must do. Is it the contention of your Association that there should be no regulation as to content whatsoever by any Government authority?

MR. ALLARD: I don't think, Mr. Chairman, we go quite that far. Our point is this, that in the first place -- and I think this point too is generally overlooked -- broadcasters, as citizens, are also subject to other existing law. There are laws relating to sedition, libel, false advertising, and those do, in fact, apply to broadcasting stations. Within that framework, what we are suggesting is that the regulations ought to be so conditioned that even if, for instance, they limit the commercial content of a given number of minutes, quarter hours or hours, it ought to be unmistakably clear that they should in no way prevent directly or indirectly the clear expression of news, information and of opinion, or dilute these. In other words, we would like to see the broadcasting industry in the same position as all other forms of publication, so that they too may be essentially the research of the people for information, and then



publish and distribute to the people what they have found in that search.

THE CHAIRMAN: Well, let us take a vague and difficult subject like good taste. Do you think any rules as to good taste can be laid down in the broadcasting field, or is this just left to your own consciences?

MR. ALLARD: Good taste in precise terms is a thing which is difficult to define in the first place, and secondly differs between individuals, and in the third place differs as between rather rapidly changing times.

THE CHAIRMAN: That may be true enough, but surely there can be a pretty high level of unanimity on what is bad taste?

MR. ALLARD: There can be more than that. There could be a high level of agreement on what is good taste in a given place at a given time amongst people with approximately the same background.

THE CHAIRMAN: I just want to know what your Association is contending on this question of the right or the wisdom of regulation of content of programmes. Do you admit it can be done, or do you say it cannot be done?

MR. ALLARD: You are referring now to programmes in general?

THE CHAIRMAN: Programmes your members deal with.

MR. ALLARD: Yes, sir, but not to the most specific element of good taste?





THE CHAIRMAN: No. Programmes in general; do you recognize the right of regulation of content or not?

MR. ALLARD: Provided, sir, that the regulation in no way interferes directly or indirectly with the ability of those broadcasting stations to project news, information and comment.

THE CHAIRMAN: Would you say that again?

MR. ALLARD: Provided, sir, that the degree of regulation over programming or programme content would in no way interfere with the ability of the broadcasting station to serve its listeners by giving them all they can discover in the way of news, information, opinion and comment.

THE CHAIRMAN: In other words, you are against censorship?

MR. ALLARD: It is perhaps, Mr. Chairman, a little wider, or if you like a little narrower -- I think a little wider than censorship. Censorship is a very direct thing. There can be regulation which prevents access to news not because it tells you not to go to certain news sources, but because it suggests it would be unwise for you to do so. There can very definitely be regulations that prevent you from expressing comment or opinion. We are talking now about the general framework and general atmosphere ---

THE CHAIRMAN: No, we are not. I am talking about -- you can have endless argument as to the way in which regulation of content is done, but I am asking, are you contending that there should be no





regulation of content?

MR. ALLARD: No, sir, we have never gone to quite that extent, to quite that broad concept.

THE CHAIRMAN: If you are not arguing that kind of freedom, then what has the whole business of freedom of the press to do with this?

MR. ALLARD: We are very definitely drawing a distinction between that part of the broadcast service which is pure entertainment and that part of a broadcast service which is news, information and opinion. To take a specific example ---

THE CHAIRMAN: I am trying to understand you. I am not opposed to your view. I just don't follow it.

MR. ALLARD: The instance you bring up of good taste, and I think we are agreed this can for practical purposes be defined in terms of a given moment for a given group of people, good taste is something which almost invariably can be provided for by law. Let me illustrate the difference this way: there is no regulation of law which prevents newspapers from carrying comic strips, but there is very definitely a law that prevents newspapers from carrying comic strips which have certain types of content. Now, this can be applied to broadcasting stations, and there is this important difference: whether you write a regulation which assumes that an offence will be committed, and therefore says that you cannot do it before it starts, or that type of law which says that you are in no difficulty with the machinery of the law until you trespass, until you have committed an



offence; you are free to do or not to do a certain thing, and if you choose to do it you will be tried, and, if found guilty, convicted. There is this very important difference. In the case of programme content it is all too easy to anticipate an offence and thereby fall into the error of closing off continuance of news, information and opinion by your anticipation. This has already happened in the case of existing regulations such as matters pertaining to food, drugs and cosmetics that are advertised in the broadcasting medium and advertised in other advertising media. In the case of other advertising media there are laws that govern these matters, and if you commit an offence then action can be taken. In broadcasting the material must be submitted in advance of broadcast, and there is an extremely important difference between the administration of a regulation which anticipates an offence and a regulation which lays down an offence and provides for the punishment of it once committed.

THE CHAIRMAN: I must say I don't follow. It seems to me every regulation anticipates an offence and lays down certain penalties. There may be slightly different techniques as to how you get at it.

MR. ALLARD: Perhaps, Mr. Chairman, I am not explaining myself too well in this connection, so may I use this as an illustration. If I drive my automobile in a 30-mile an hour zone at 50 miles an hour, I have committed an offence. I see nothing improper about this, but I might, however, consider





myself a little hard done by if the local police authority told me I could not drive my car in a 30-mile zone, or at all, lest I exceed the speed limit. Or, if they were to put a governor on my car, and my car only out of all the others on the road, before I entered a 30-mile zone.

THE CHAIRMAN: If you were regarded as a character likely to drive at 50 miles an hour, it may be a smart thing to put a governor on your car.

MR. ALLARD: But this, sir, is not what happens in the practical application of law.

COMMISSIONER STEWART: What has added to the confusion here is that you say the radio and television are newspapers?

MR. ALLARD: Yes.

COMMISSIONER STEWART: Or are disseminating news; in other words, you think entertainment is entirely incidental to the news?

MR. ALLARD: I would not say that, Mr. Commissioner, that it is entirely incidental. It is part of the service that the broadcasting station gives.

COMMISSIONER STEWART: Yes, but you are building up this disseminating of news, and I get the impression, at least, that entertainment on radio or television is entirely incidental to the news, and the news is the important part. You have got yourself to the point of being a newspaper now.

MR. ALLARD: I think it is the most important service, certainly.



COMMISSIONER STEWART: How much of the time in the course of a day do you give to the dissemination of news? I think it would be very small in relation to the overall.

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MR. ALLARD: I imagine, sir, that it would. The percentage would vary as between the stations, but I am not making a point of this. Newspapers and magazines, after all, provide an element of entertainment, too, and some motion pictures are almost pure entertainment, but it is too a form of communication, and, as the Supreme Court Judgment points it out, it is not at all infrequent that an important message, a viewpoint, is effected. A play, a book, these things, can be information and comment which, I suggest, is entertainment. I think you will recall a great deal of Dickens' works were written largely in, what in our day and age we would call propaganda but they are now regarded as entertainment when we read them. A great deal of what is primarily entertainment, in the sense that it is a play, something that is amusing, is also a method of communication, either opinions or information or both, and no doubt the drama has been one of the most powerful means in human history of communicating ideas.

THE CHAIRMAN: I agree with Mr. Stewart that you are taking this element of public information that is relatively small and extending it across the whole area of your operations, but supposing you do get yourself, for some purpose, as part of the press, where does that take you? You yourself have admitted that there is a great cleft between your views and your fellow members of the press because they would react against the agreement that some state agency should remain in existence in this field, they would





completely react against the fact that the Government should not give up its regulatory powers and they would completely disagree with your recent admission to me that you thought that to some extent the regulation should extend, so you get yourself in with some fellow members of the press for what purpose?

MR. ALLARD: The difficulty of it, Mr. Chairman, is comprised in, first of all, the technical aspect of broadcasting, which, it has been stated earlier, does the regulating, licensing and some degree of regulation to maintain order in the air lanes particularly because of the international agreement. The second aspect, the state agency, that is something that exists and we see no particular reason why it should not go on existing. In any event, I think our case is, we have no great concern with this one way or the other. When it comes to the regulation of programme content we are perhaps not making this point clear, that the type of regulation of programme content where it exists that we visualize is in some respects, not all, perhaps, but in some, similar to that which exists in the case of newspapers; there is, if you like, a degree of regulation of programme content in newspapers. There are certain things newspapers may not say except at their peril. This is what I am referring to as regulation of programme content, and this must exist. I am quite certain nobody in the Canadian Daily Newspapers Association would argue for the repeal of that section of the statutes of Canada, which deals with libel, with the section which deals with



sedition utterances or pornography or insanity and the like. The effect is that you are using the phraseology, regulation does exist of the programme content of the printed media and to that extent we see no -- well, it would be absurd in our view if you use words to mean the same thing that there should be none, the state has always ---

THE CHAIRMAN: Let us turn it around the other way, you have been subjected to regulation for fifteen or twenty years in radio and three or four years in television; are there regulations in this period that you object to?

MR. ALLARD: There have been regulations in that period which we have objected to very publicly, and for some reason or other, there may have been no connection, some of these regulations were withdrawn completely or substantially modified.

THE CHAIRMAN: Taking the regulations now, have you any current complaints?

MR. ALLARD: Yes, there are still specific regulations in existence to which we object. I am not altogether certain that our objection to specific existing regulations is the point, much as we object to them in the present form, the point is more this, that the regulation of film programme content ought to be something which is part of the body of the law and is equally applicable to all citizens, not necessarily specifically to one group of citizens.

THE CHAIRMAN: Would you say that again,





please?

MR. ALLARD: That regulations in dealing specifically with programme content, and I hope I am making it clear that I am not dealing with other things, ought to be regulation of that type which is part of the body of the general law and equally applicable to all citizens.

THE CHAIRMAN: It is no use having a regulation as to what I have in my programme; however, I do not have a radio station, so how can you apply it to me?

MR. ALLARD: The law against misleading advertising and the law dealing with sedition and slander, these things involve a newspaper in more peril, more real risk, but they do equally apply to each of us in any addresses we may make, say, from the platform ---

THE CHAIRMAN: The regulations which restrain the action of an individual broadcasting in any effective way would have virtually no application to me or to the other fifteen and a half million people in Canada who never think about broadcasting themselves.

MR. ALLARD: But the particular, specific law now applying to newspapers apply equally to other citizens. What we are saying in effect is, if there is obviously an important need for taking certain steps against broadcasting stations and broadcasting stations only, we would argue against that providing some certain need is administered,



but the broadcasting stations in so far as their programme content is concerned ought to be permitted to fall within the framework of the general law, the difference, if you like, between the regulation in the legal sense and the direct and specific and discretionary term.

COMMISSIONER STEWART: Are you not in the same position as the motion picture industry is now? You are both in an industry of visual application and in the case of the motion picture industry they have censorship, there are regulations of the programme content in a variety of ways. I do not see that you are in any different position to them either in the manner of your operation or in the manner in which you are regulated.

MR. ALLARD: As a matter of fact, there are varying and changing views on the question even on motion picture censorship. Now, there are, as you know, certain rulings in the United States which may change the picture. There is a particular case in the State of New York which apparently makes the operation of a censorship board illegal. There is a changing view.

THE CHAIRMAN: That is a constitutional right, surely.

MR. ALLARD: The constitutional issue was founded on the view of the court that motion pictures were a means of publication, it came right back ---

THE CHAIRMAN: And it was founded on a country that has a First Amendment in its law.





COMMISSIONER STEWART: But, to get back home to this country, I think practically every province, if not all of the provinces, have the right to censor pictures and say what may be shown and what may not be shown, so that in that respect I do not see that you are in a very much different position to them.

MR. ALLARD: As a matter of fact this brings up other issues entirely, other issues which have not in every aspect been dealt with or even seriously concerned. The appropriate legal authorities have ruled broadcasting is clearly in the federal jurisdiction in Canada, the motion picture boards are in the provincial jurisdiction. Now, we have so far, at least, made no attempt to resolve this conflict and it will become an important issue too, unless the basic element can be tested by the courts. If it be found that television is simply film and no more than film and that the provincial censorship boards have the right to censor any film shown within that province regardless of the fact that broadcasting is in the federal jurisdiction and they are not, this could provide a very interesting problem and the difference between showing a thing on film and the difference between projecting it into the province by means of microwave relay to another province. You see the difficulties which are likely to arise in that connection.

THE CHAIRMAN: Well, let me get back, if I may, to this point Mr. Stewart raised. There is nothing very odd about state regulation of content of visual programmes whether in the movies or over





the air. There is nothing very strange about this, but you have, I can see, a pretty deep-seated objection to this kind of regulation, but is it fear of something that may happen in the future or is it anything that has happened to you so far? Have you any specific immediate complaints?

MR. ALLARD: I tried, Mr. Chairman, a little earlier to put it in this fashion, that anybody in the broadcasting industry who makes complaints under the present circumstances makes those complaints realizing that he may in a month or two appear before the body of which he is complaining to ask for certain things. Now, that makes it rather difficult for even us to get specific complaints about the specific application or lack of them, certain regulations in general. Speaking in terms of generalities, there were certain regulations existing that as a group, as an industry, the broadcasters would prefer not to see on the books. In one or two instances, at least, in relation to present regulations our views are a matter of public record. That is a specific application, as you like, as opposed to the generality, and there is, of course, this point, I did not realize when the motion picture possibility came up that we might talk in terms of the existing regulatory situation, I was projecting this into the third party judgment stage, the difference between the argument about existing regulations is this, that in censorship, any regulation of programme content would be done by third party judgment, by a provincial censorship



board. You would not have the situation where a cut in an RKO picture was made by Metro-Goldwyn-Mayer or vice versa. I think it ought to be quite clear in the present regulatory system where the regulatory authority is also one of the operating parties ---

THE CHAIRMAN: I must say I have not got too much sympathy with your point about not stating your objections publicly, but it puts the Commission in the position of not being able to get it, and where are we going to get these things if we do not hear what the complaints are and have a chance for a good, free debate? I think frankly that this is the kind of argument that can be over-emphasized, I think there are enough strong public opinion factors working in Canada that we can still criticize, debate with and still get fair treatment later.

MR. ALLARD: Perhaps the Chairman might see fit to consider this suggestion; in specific cases as opposed to the principle, and we, of course, regard the principle as important, I think everybody agrees that principles are important, but in relation to specific things it would be helpful to the Commission if overnight I consulted with the representative group of broadcasters across the country and to the extent that it is possible for us to do so we gather together a small list of specific complaints and bring that in tomorrow morning.

THE CHAIRMAN: That is fine.

COMMISSIONER STEWART: It would be helpful.





THE CHAIRMAN: I am not inviting you to pick out complaints if they do not exist, but I am simply saying if we are to look at this and find out what the real issues are, they have to be debated. I do not think you need worry too much about the fact of debate in this country, either dealing with individual people or dealing with organizations within the country, and if the thing is not important enough you are prepared to stand up and be counted, I do not see how the Commission can get at it.

MR. ALLARD: Well, the assurance that you have just given us, Mr. Chairman, may make it easier for me to get some specific instances.

THE CHAIRMAN: We will adjourn and leave it there. We will adjourn now until ten o'clock tomorrow morning.

---At 4.40 p.m. the Commission adjourned.



4  
ROYAL COMMISSION

ON

BROADCASTING

HEARINGS

HELD AT

OTTAWA, ONT.

MAY 3, 1956

v. 4



ROYAL COMMISSION ON BROADCASTING

Ottawa,  
Thursday, May 3, 1956.

---ON RESUMING AT 10 A.M.

---PRESENT:

THE CHAIRMAN	ROBERT M. FOWLER
COMMISSIONER	EDMOND TURCOTTE
COMMISSIONER	JAMES STEWART

-----

---COMMISSION COUNSEL:	JOHN M. COYNE
	A.J. deGRANDPRE
---SECRETARY	PAUL PELLETIER

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CANADIAN ASSOCIATION OF RADIO AND  
TELEVISION BROADCASTERS

---Appearances: MR. J.J. ALLARD.

THE CHAIRMAN: We will open our hearings again. I am afraid we diverted you from your planned presentation with our questions yesterday, Mr. Allard, and I wish you would resume your statement now this morning.

MR. ALLARD: Would it, sir, meet the Commission's convenience if we were to now file the two documents with you? Before doing so I could explain that one of these is a brief or a statement clarifying our position in relation to the form and structure of a proposed regulatory body, and the other is a group of both general and specific instances dealing with the position created by the regulatory function now being in the hands of an operating body.





I have, sir, copies of both those documents.

THE CHAIRMAN: We will call the first one Exhibit 29, which you said was a clarifying statement on the...

MR. ALLARD: On the possible form and structure of a separate regulatory body.

---EXHIBIT NO. 29: Paper clarifying position of Canadian Association of Radio and Television Broadcasters regarding a separate regulatory body.

THE CHAIRMAN: Exhibit 30 will be a statement of your comments, both specific and general, on actual regulations.

...EXHIBIT NO. 30: Additional reasons for which, in the view of the Canadian Association of Radio and Television Broadcasters, regulatory power should not repose in the hands of an operating body and/or in the hands of a body which competes with any element of the community over whom it possesses regulatory.

MR. ALLARD: We do not wish to take the time just now; the time last night was a little short, but there are certain things we feel might usefully be added to the second document referred to to-day, and if it would be possible we could undertake to assemble those as quickly as possible, and file them with the Commission in due course.

THE CHAIRMAN: That is perfectly all right.

MR. ALLARD: Thank you, Mr. Chairman.

THE CHAIRMAN: I hope you will, however, discuss things, and naturally we will have to read, and perhaps ask questions on these, as we have not had a chance to see them yet.



MR. ALLARD: Yesterday we had come very close to the end of the preliminary remarks we had intended to make, and all that remains of this is a brief summary of that section of our main brief which deals with the question of competition of television licensing, and perhaps the first thing we ought to emphasize is that we were speaking in terms of competitive television licensing in all areas of Canada rather than merely alternate service.

We are suggesting that the Commission give what consideration it feels fit to the possibility of including amongst its recommendations one to the effect that there be consideration of applications for the establishment of competitive television stations in any area in Canada.

We are, in our brief, pointing out that competitive television broadcasting would provide more service and more effective service in every area. It would reduce the number of Canadians who are now watching United States stations direct, an experience that has been demonstrated time and time again in the field of radio broadcasting, and it would give another choice in each case to viewers. It would increase the size of television audiences, and stimulate the sale of Canadian television receivers, which is, of course, becoming an important industry in Canada.

THE CHAIRMAN: I do not wish to interrupt, but just for clarification, I am not clear in my own mind as to the distinction between competitive television licensing and alternate service?





MR. ALLARD: As we see it, Mr. Chairman, the difference is this, or at least this is the way we are using the words, as contra distinct from each other; alternate service is a second service, which might easily be in the same hands as a person or body providing the service. We say competitive service may be in a different set of hands, and to a large extent possibly offering different fare.

THE CHAIRMAN: In other words an alternate service could be competition, but it is not necessarily?

MR. ALLARD: Precisely, sir, and that, Mr. Chairman, completes the opening remarks that we had to make. We are certainly prepared to answer any and all questions that the Commission or members of the staff may have for us on our major brief and supplementary material filed with you.

THE CHAIRMAN: Thank you, Mr. Allard. Do you want to outline this last Exhibit 30, or will you just leave that to us to question you on?

MR. ALLARD: If it meets the Commission's convenience we will leave it with you possibly so that you may have an opportunity to study it and then we will be prepared to answer any questions you might have on it later.

THE CHAIRMAN: It is a little difficult to question on something we haven't read so what we may try to do is glance over these either at the adjournment at noon or something of that sort, and if you come back



this afternoon, or we could perhaps do it that way, or perhaps during the morning we may have a chance to look at it.

MR. ALLARD: Yes, sir.

THE CHAIRMAN: Do any of your directors who are with you wish to add to your opening statement before we start questioning you? We will welcome any comments from them now or later.

I think, Mr. deGrandpre, you were going to lead off with the questioning this morning.

MR. deGRANDPRE: Yes, Mr. Chairman, I will be the devil's lawyer this morning.

THE CHAIRMAN: I should make that point again that I made at the very beginning, and I should repeat it every day, it is worthwhile repeating, that no question indicates any conclusion or any point of view having been adopted by either Counsel or Commission. We are, while you are here, naturally going to ask you questions from the point of view of clarifying and making sure we understand your point of view to that extent as Mr. deGrandpre mentioned under his voice he acts as the devil's advocate.

MR. deGRANDPRE: Mr. Allard, in view of the fact that you have filed this brief on behalf of what I will call the privately owned or independent broadcasters, would you tell me how many privately owned stations in radio and television there are in Canada?

MR. ALLARD: Yes sir. This information is, I think, contained in one of our supplements. We can





account for one hundred and fifty-six radio broadcasting stations and twenty-eight television broadcasting stations.

MR. deGRANDPRE: Are all these stations members of your association?

MR. ALLARD: No sir. We have one hundred and forty radio and twenty-five television members.

MR. deGRANDPRE: And the brief that you are presenting before the Commission, is that a brief which has been prepared by the executive and circulated amongst the members, or....

THE CHAIRMAN: I was going to suggest since your back is to the rest of the room you raise your voice a little, Mr. deGrandpre. It is very hard in the set-up we have here for other people to hear.

MR. deGRANDPRE: This brief that you are presenting to the Commission, is that a brief of the executive of the association, or is it a brief of the association as a whole?

MR. ALLARD: The position is this, the brief was prepared under the authority and under the direction from resolutions passed in annual meetings of this association, those annual meetings comprising the entire membership, and of course there were similar resolutions from our affiliates.. The brief was prepared in the framework of that, and then distributed for approval to our membership.

MR. deGRANDPRE: So that all members of the association have now taken communication of the main brief at least?





MR. ALLARD: Yes sir.

MR. deGRANDPRE: Was that a unanimous decision, to present the brief in its present form, or were there dissenting views?

MR. ALLARD: At the two annual meetings at which these specific applications, if you like, of our policy principles were discussed, there was neither a dissenting voice nor vote. It is always, of course, impossible in a widespread association to say what may be at the back of the mind of someone who has not spoken at all, that it may be that one or two of the members who didn't speak up had dissenting views. Certainly they didn't register them.

MR. deGRANDPRE: But you are satisfied that the brief represents substantially the majority of the views of the members of the association?

MR. ALLARD: The great bulk, sir, yes.

MR. deGRANDPRE: If I may be permitted, Mr. Chairman, I think that for purposes of convenience I will discuss the question of competitive stations first so that we shall have a chance to read from the supplementary material we received this morning in connection with the regulatory body.

THE CHAIRMAN: Very well.

MR. deGRANDPRE: In connection with that question of more stations, Mr. Allard, could you tell me how many television channels on the VHF frequency are now available in Canada?

MR. ALLARD: There are twelve channels on the VHF frequency wave band available anywhere in North America. It should, of course, be clear that each of



these channels can be repeated at various intervals, these intervals being different in certain parts of the United states to what they are in Canada.

MR. deGRANDPRE: But even with the spreading of each channel over a certain area and then the re-use of this same channel in another distant area how many very high frequency channels would there be available in Canada?

MR. ALLARD: May I come at it this way, sir, if you assume that the present separation limit in Canada, which is two hundred and fifty miles, continues to obtain, and you multiply these channels by the present assignments, and that two hundred and fifty, you discover that there could be two hundred and thirty very high frequency television stations in Canada in the area that is two hundred and fifty miles or less from the United States border, and there could be more than that in an area north of that two hundred and fifty mile limit.

THE CHAIRMAN: Would that mean putting twelve stations up in Sudbury, or something like that?

MR. ALLARD: NO, sir, not necessarily.

THE CHAIRMAN: But I mean those would be included in the two hundred and thirty?

MR. ALLARD: No sir, this is assuming that the stations would be spaced within the two hundred and fifty mile limit. You see, there are assignments made, for instance, near to places that have very high frequency channels, such as Kenora, Fort Francis, and like areas. It may well be that in due course places of this size





can support a very high frequency television station. Now it may be that it would be preferable to move one of those channels from such a place to another place, as channels have already been moved.

THE CHAIRMAN: My question is just for clarification. You have got a series of patches in areas of approximately two hundred and fifty miles wide in each of which, theoretically, you can have twelve VHF channels, but obviously some of those patches would happen in the middle of Northern Ontario, and the practicality of having twelve stations in that at this stage, at least, is very remote.. So, your two hundred and fifty would be the over-all theoretical blocking out of these patches two hundred and fifty miles wide across the country?

MR. ALLARD: If I follow you correctly, Mr. Chairman, not quite that theoretical, because we are assuming there would be no particular advantage in placing these television stations in areas of no or little population. We are also assuming, of course, that there would have to be certain changes in the present allocations which were made three or four years ago, and it may well be that some of the allocations in this particular set of hypothetical circumstances would be moved from one populated centre to another.

MR. deGRANDPRE: Does that answer your question, Mr. Chairman?

THE CHAIRMAN: I really wanted to know if



the two hundred and thirty included the full band and area to-day which was not likely to be the full band and area taken up?

MR. ALLARD: Perhaps we could come at it this way: What we are saying is that if you put your mind to it you can put two hundred and thirty television stations into practical use in useful areas in that part of Canada represented by a line drawn east/west at two hundred and fifty miles north of the border - in the area between the border and that line.

THE CHAIRMAN: Does that number include the American stations which could be close to the border and which could transmit onto Canadian territory?

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MR. ALLARD: We have not taken any new account of what the U. S. situation is in relation to the border. There are several areas where U.S. television stations can do that.

MR. de GRANDPRE: Can or can't?

MR. ALLARD: Can.

MR. de GRANDPRE: That is precisely the purpose of my question. When you say that there are 230 stations that could operate within 250 miles of the Canadian border, does that take into consideration the possibility or probability of American stations transmitting programmes on Canadian territory?

MR. ALLARD: Well, to the extent that the present international treaty obtains, yes, sir. I say, to the extent that the present international agreement on this matter remains unchanged, it does.

MR. de GRANDPRE: So there would be 230 Canadian television stations on Canadian territory and any number of American stations on the other side of the border; is that correct?

MR. ALLARD: Not necessarily any number. There would be the number that has already been allocated to the U. S. used in whatever fashion, within the limits of the international agreement, that the Federal Communications Commission permits.

MR. de GRANDPRE: And that number of 230 is limited to the VHF frequency?

MR. ALLARD: In Canada.

MR. de GRANDPRE: In Canada.

MR. ALLARD: There are more television





stations than that in the U.S. now -- considerably.

MR. de GRANDPRE: So that you would not agree with the figure I have before me issued by the Department of Transport that there would be approximately 114 or 115 VHF channels in Canada?

THE CHAIRMAN: Open.

MR. de GRANDPRE: Open.

MR. ALLARD: I think that is a slightly different way of coming at the same thing.

THE CHAIRMAN: It is also a different thing -- 114.

COMMISSIONER STEWART: It comes to a different answer, anyway.

MR. de GRANDPRE: For example, coming back to this question of the difference between your figure and the Department of Transport figure, I see that there are now for Toronto two available channels, according to the figures of the Department of Transport, namely Channel 6 already allocated and Channel 9 which is now open; is that correct?

MR. ALLARD: Yes, sir, that is what their list shows.

MR. de GRANDPRE: And for Montreal, for instance, you would have four available channels, two of which have now been allocated; is that correct?

MR. ALLARD: Yes, it shows four VHF channels and two UHF, and two of the VHF channels have been allocated.

MR. de GRANDPRE: I don't want to interrupt



you, but we will have enough trouble with the two bands, so we will stick with the VHF.

MR. ALLARD: Four VHF, and two allocated.

MR. de GRANDPRE: The Vancouver New Westminster area would have three VHF channels, one of which has already been allocated; is that correct?

MR. ALLARD: Yes, sir.

MR. de GRANDPRE: Well, I don't want to go through the whole list, but I want to make sure we are talking about the same thing.

THE CHAIRMAN: Before you leave that, I think perhaps it is worth raising this with you; your Association does not suggest at the moment whether it is 230 or 114 channels, that there is a present demand for the opening up of that many stations right at this moment? This is the mechanical potential.

MR. ALLARD: Yes, sir, that is it precisely.

THE CHAIRMAN: I just wanted to be sure that no one got the idea you were advocating 230 new stations tomorrow, or suggesting that there was the demand for them.

MR. ALLARD: I am glad you made that clear, Mr. Chairman, in case there is confusion. Obviously, anywhere near that number is completely beyond the present economic situation of Canada.

THE CHAIRMAN: That is what I would think.

MR. de GRANDPRE: I take it if you opened the UHF band, then there is a considerable number of available channels?

MR. ALLARD: Yes.





MR. de GRANDPRE: But that under present technical conditions it is difficult to use the UHF band; is that correct?

MR. ALLARD: I am not exactly certain whether you would describe the problem as technical. The problem lies in the fact there are few, if any, receivers in Canada capable of picking up UHF transmissions.

MR. de GRANDPRE: Isn't it also due to the fact that the UHF band does not operate as normally and gently as the VHF? Isn't it more erratic than the VHF band?

MR. STIRLING: The stations in the States don't get quite as far but it is a very usable picture.

THE CHAIRMAN: Is its definition as sharp?

MR. STIRLING: The last one I saw put in, in West Palm Beach, is as good a picture.

MR. ALLARD: I have seen UHF transmissions, and my experience is that the picture is just as clear and usable.

THE CHAIRMAN: But the present two million sets can't use the UHF band without some very expensive conversion appliance?

MR. ALLARD: Certainly not without some form of modification.

MR. de GRANDPRE: And a modification which would cost approximately how much under present conditions?

MR. ALLARD: The last figure we had was that to modify a set would cost approximately \$50.

MR. de GRANDPRE: There is a suggestion in



your brief that if Canada does not use the available channels there is a possibility of the United States taking advantage of this idleness and taking over the non-used channels: could you give us more information on this particular point?

MR. ALLARD: Yes, sir. This situation is, of course, theoretically impossible. There is an agreement entered into between the Governments of the two countries which is codified in the exchange of notes I referred to yesterday. As long as everything remains precisely as it is in that agreement, this cannot happen. It has, however, been our experience in radio, and we think it is rapidly going to be the same in television, with certain pressures building up in the United States with television developing as rapidly as it is. What happens is that a very clever engineer, after a great deal of study, finds a certain way of dropping a certain station in a certain area, and then his principals are told that they cannot use that channel in that place in that fashion because it is assigned to Canadians, and somebody looks it up and finds the Canadians are not using it and have not been using it for two, three or four years, although it has been assigned to them, and there then results a situation which is best described, I think, as intensive discussions in Washington, and it can well happen that certain modifications are made one way or another, and, at the very best, the future trading position of the Canadian representatives becomes extremely difficult.





MR. de GRANDPRE: When you say that, do you have to assume there will be a violation of an international agreement?

MR. ALLARD: Not a violation necessarily; there can always be modifications, which can remain internal, within that framework. The Americans have already gone further than we have. Our separation line, that is, the distance at which a channel may not be used, is 250 miles. To illustrate that, suppose channel No. 2 is being used in Montreal, it cannot be used for another 250 miles in Canada, but the Americans have already broken their allocations down into three zones. Zone No. 1, which roughly speaking is the northeast section of the country, has a separation limit of 187 miles. Zone No. 2, which is roughly speaking the western part of the country, has a 190-mile separation limit. Zone No. 3, which is broadly speaking the southern part of the country, has a separation limit of 205 miles. I am reading from an F.C.C. publication. It is the Federal Register, Volume 18, No. 7, dated Friday, May 2nd, 1952, page 4059.

COMMISSIONER STEWART: Is this 250-mile separation an international agreement or is that our domestic regulation?

MR. ALLARD: Subject to correction, sir, I am pretty certain that is a domestic regulation. It may have been mentioned in the treaty, which I had a copy of here yesterday, but my recollection is that -- and perhaps Mr. Brown could check me up





on this -- it is a domestic affair.

THE CHAIRMAN: Because of the difference between the two countries' separation zones, it looks like a domestic arrangement.

COMMISSIONER STEWART: There must be some mention of areas in the international treaty.

THE CHAIRMAN: Well, we will have Mr. Brown check that up.

MR. de GRANDPRE: But what is the practical effect of this zoning that you have referred to. Does that actually create an interference between channels allocated to Canada from channels used in the States?

MR. ALLARD: No, sir, I am merely pointing out that the United States has already become more aggressive in its use of these channels than we have.

MR. de GRANDPRE: But there is no practical result of this aggressiveness -- that doesn't change the picture of the channel allocation on Canadian territory?

MR. ALLARD: The practical result is twofold: first of all, they can use their channels more often in zones 1 and 2 than we can anywhere; and, secondly, it is building up a larger number of stations in the United States, perhaps even proportionately, and consequently increasing the pressure in that country for using every possibility. It will increase the pressure in the United States for technical modifications which, if adopted, in one form or another would cause difficulties in the use of Canadian television channels now assigned to but



not being used by Canada.

MR. de GRANDPRE: I don't want to labour this point too much, but it seems we are not talking about the same thing. You are talking about the restricted area within the United States while I am referring to international agreements or the crossing of one channel over to another territory.

MR. ALLARD: As I say, I merely gave this as an example of how the pressures are building up there now.

MR. LYND: Would it help if I cited a particular instance in my own case in radio. I am not enough of an engineer, you will understand, but I know all the ramifications of this, and on my own frequency, 1220, I was supposed to be a non-directional station, and it was mentioned in the trade press that the Canadian Government gave to WGAR, and I believe it is in Cleveland, the right to use this frequency, so that when I increased my power I had to protect Cleveland; I had to put in a directional array so I would not interfere with that station in the States. I think that is the point.

THE CHAIRMAN: Yes, it is also true, isn't it, that the problems of interference are much greater and harder to deal with in radio than they are in television? There is a more precise area within which you work in television than you do in sound broadcasting?

MR. LYND: You are completely over my head in that one.





MR. ALLARD: There are adjustments which can be made, and there is also the expanding technical knowledge.

MR. de GRANDPRE: Assuming that you have competitive television stations in the quantity that you desire, what will you do with these stations in general terms -- how will you operate them from the point of view of programming?

MR. ALLARD: It is a very difficult question.

MR. de GRANDPRE: Yes.

MR. ALLARD: And I am not sure I follow you completely.

MR. de GRANDPRE: I am referring to the point which has been developed quite substantially by Mr. Dunton that it would be extremely difficult to have Canadian programming on a financially sound basis in television, and that is what I am driving at.

MR. ALLARD: Are you putting forward the possibility to any one of these stations being operated one hundred per cent?

MR. de GRANDPRE: No, no; on a reasonable basis. Let us take the 55 per cent figure that has been put forward by Mr. Dunton the day before yesterday.

MR. STIRLING: I can't quite understand the percentage. You are saying if there was a private station licensed in a large city that it could not operate successfully if it had to produce 55 per cent of Canadian programming?

MR. de GRANDPRE: I don't know. I am asking



the question.

MR. STIRLING: We are carrying the entire national system that is available to me. We are carrying approximately twelve and a half hours of what is the sustaining programmes. The various shows like Fighting Words, Polio and Junior Magazine -- I can list them all if you want them -- and that is the twelve and a half hours of sustaining shows; and then eight and a quarter hours of the CBC produced commercial shows. So, that total is only twenty and a half hours, and if you operated with that much in a major market, where you would operate maybe eighty or ninety hours a week, you would have a great deal less than 50 per cent. You can certainly produce 30 per cent of Canadian local originating shows, and make a profit.

MR. de GRANDPRE: But you are now talking of the position you are in. I am talking of the competitive market where the CBC network would not be available to the private station.

MR. ALLARD: We don't know whether it would be available or not, and that is something we cannot predict because it is not within our control.

MR. STIRLING: I don't understand that question.

THE CHAIRMAN: Supposing you were in Toronto -- we will talk about a place where there is a potentially large market rather than a more remote place where if there is one television set that may be all that economically should be there, and you are asking for freedom of entry into this business: suppose in





theory there were freedom of entry tomorrow -- that and no more -- and you start up a station in Toronto and you have got a frequency or a band assigned to you, and you get your equipment together and you go to it: you are not going to be handed any national programmes on a platter; whether you like them or not, they are not going to be there. What kind of programmes would you have on that station?

MR. STIRLING: You would originate maybe 30 per cent of your programming, and you would have a choice of a tremendous amount of film programming, not necessarily all American film programming, and the national agencies in Toronto would develop their own programmes which they would put on your station, and you would develop a diversification of programming. I don't think more than 50 per cent or 60 per cent need necessarily be on film. This feeling that you can't produce live programmes in metropolitan areas certainly is not in the thinking of many of us in the private industry. We have in smaller markets produced a lot of live programmes. In Toronto you would be able to give the viewers who are now, at the last survey, in a position where 78 per cent of the viewers in Toronto do not look at Canadian programmes, and you would have a chance to go after those people and give them a choice other than the present choice which they have.

THE CHAIRMAN: Yes, but I am only putting the case to you. I have no knowledge or views on this, but the suggestion is that because of the





ability to obtain Canadian rights for American produced programmes, whether they are live or on film, at a relatively small cost in comparison with the cost of producing a programme live or on film of Canadian origin, that the inevitable economic tendency is towards a very heavy importation of American programmes. After all, you are in business as a business and you will do it the cheapest way possible.

MR. STIRLING: Money alone, sir, does not buy quality programmes. Talent and a little bit of ingenuity and imagination can create a good show for very little money. A good panel show or quiz show is the sort of thing I mean. If you try to get into the musical or extravaganza, no, you can't. You can compete in low budget shows such as What's My Line type of show a lot cheaper than you can buy film shows.

MR. ALLARD: And this is being done in certain areas.

MR. STIRLING: Yes, in London, Ontario.

MR. ALLARD: There are a number of factors all of which tie together. In the first place, the owners and operators of non-government broadcasting stations are just as anxious as anybody else to develop Canadian programming wherever they can. I don't think there is any particular magic in not being connected with what is generally referred to as private enterprise in this connection. Secondly, there are a number of programme production agencies in Toronto and elsewhere which have not yet hit their stride because there have been no opportunities for



them, because there is only one station in each area and those stations are being programmed well up to the limit of their potential now. The third factor is that new techniques would be applying to the production of those stations in their programming, and fourthly, I suggest that the experience of the radio and television broadcasting stations has been such that they would in the specific instance you mention quite likely develop good Canadian programming at somewhat lower cost than has been the case to date.

(Page 590 follows)





THE CHAIRMAN: Could I just carry that on one step further. We are trying to get some programme analyses made of both the CBC produced programmes and of the private stations programmes, particularly in television. To develop ahead of that complete analyses, can you tell us anything about the sort of distribution of different kinds of programmes in the existing private stations today?

MR. STIRLING: I am sorry, just getting back, the Chairman mentioned a comparison of CBC programmes and private station programmes: That is like comparing what is being produced in New York and Little Rock Arkansas. You have the Metropolitan Toronto area with a huge audience, an unlimited audience, and you have no station to compete with the shows they produce. How can we in St. John's, Newfoundland, although we put on an hour and a half of live programming a week, how can we produce a show that would stand up in comparison with Toronto? But let me, given the same resources and audience as Toronto, and I will let my show stand up anywhere for comparison.

THE CHAIRMAN: This is a question of criticism by comparison. I am trying to find out what would be the result if new stations suddenly opened up, that is, a new station on a free entry basis. These new stations beginning are not going to be able to compete in terms of size or network or maybe resources? I want to find out what the results are going to be, or likely to be?

MR. STIRLING: There are more sponsors in a



large market willing to pay \$10,000. or \$15,000. a week for a show, than there would be in order to cover an area of four thousand. With four hundred thousand television homes you have a large metropolitan area, and a sponsor would be willing to put on a programme for \$15,000. Then you would have \$10,000. or \$15,000. to build a show around. If you have your \$10,000. or \$15,000.---

THE CHAIRMAN: Now, wait a minute. At \$10,000. or \$15,000., according to the experience we have had, you lose money, because the present supporter for a national network show, with all the production providing for that large and broader coverage, does not pay the cost as far as the production cost is concerned. So, your \$10,000. would not meet production cost. Why would any private operator in business to make a success of it, accept a loss on a \$10,000. programme, when he can, as Mr. Dunton told us, if this is accurate and I assume it is, when he can rent a good spectacular show for \$2,000. or \$3,000. from the United States? Why would he bother? Why would he accept the loss?

Put it the other way, why would the sponsor for the Metropolitan Toronto area, even if it has four hundred thousand sets, pay out \$10,000. when he only needs to pay out two or three thousand? Isn't the economics of this thing going to force you into a profit operating basis, into a very heavy importation of American musical, artistic and stage talent, and that still leaving to you a very substantial area of quizz shows and the like?



MR. ALLARD: Might I just say this, and then Mr. Crittenden, of Regina, has a remark to make.

It is general experience with private enterprise that you reduce your operating cost by the application of sufficient efficient programming so you can make a profit on your operation. You see, you are in a position where you either have to make a profit on your operation or you are ultimately out of business. You work hard on your income to a point where it shows a profit.

MR. CRITTENDEN: Let us assume there are four stations in Toronto, they all have to buy about 50 per cent Canadian programmes; I would be delighted to buy the fourth contract.

THE CHAIRMAN: What would you profit in your 50 per cent Canadian contract?

MR. CRITTENDEN: Fifty per cent Canadian programmes, whether commercial or sustaining.

THE CHAIRMAN: What kind of programme would it likely be?

MR. CRITTENDEN: Equal to what we are doing now, equal to what is being done in the Toronto area now.

MR. STIRLING: You can only judge the quality you have now. It would be at least equal to the quality of such shows at the present as, the Denny Vaughan Show or Fighting Words. If you would, then you are equalling the present quality.

THE CHAIRMAN: Would you produce any MacBeth, as I used as an illustration the other day?

MR. CRITTENDEN: The regulations govern what





we put on.

MR. LYNDSEY: I think we would produce MacBeth without regulation. Probably every station would not, probably it is not desirable for every station to produce a MacBeth. But I think the record of privately owned radio stations is very a very good one. While I do not produce MacBeth on my radio station. We produce something very worth while, the Mount Allison Forum. It is not a commercial account though, I don't do it for a nickel.

MR. ALLARD: In any event, Mr. Chairman, no one is now producing MacBeth every week. I think the private stations would certainly get into that sort of thing.

This, too, Mr. Chairman, might be helpful for discussion. It depends to a certain extent whether or not a station in Toronto were producing for the network. This makes a difference, you see, in additional operating cost, if one show is putting on the whole show that is one thing; if the station is operating as an originating station for the network and spreading this cost over five, ten or fifteen stations, this is another thing. You will find frequent reference in our brief to syndication which is the basic form of circulation, a very appropriate word which is applied to all forms of communication. I don't think there is a newspaper in Canada that could afford Walt Kelly, on their own. They syndicate these things, sell it to the newspapers and it is available to all



the people across Canada. And the radio stations in Canada today are in a form of syndicate just as each newspaper is in a syndicate.

MR. de GRANDPRE: Even on the network basis, to take your analogy, it has been stated that the CBC, even on a network basis, cannot begin to recoup its cost of network programming through sponsors. Would it be more possible for Canadian privately owned stations operating on a profit basis to do it? What are the reasons for thinking it is possible for you if it is not possible for the Canadian Broadcasting Corporation?

MR. ALLARD: The simple fact of the matter is, they would be operating with their own money.

MR. de GRANDPRE: Then, you infer there is a waste of money in the CBC, have you any proof of it?

MR. ALLARD: All I point out, when you proceed with your own money you are going to produce at a profit.

MR. de GRANDPRE: Then, you are going to reduce the quality?

MR. ALLARD: Not necessarily, that is not the experience, in radio there are some good shows produced on relatively low cost budgets, and there are some pretty fair shows in individual television shows now. There are several gentlemen here who can describe them for you. They are excellent shows, and these stations are run at a profit.

MR. de GRANDPRE: How can you produce these programmes with less money and still keep the same quality or the same standard of programme? That is





what I would like to know.

MR. ALLARD: By merely watching ever element that goes into your cost, very carefully indeed.

May I point out, that the people who are suggesting there should be useful competitive television licensing in Canada, if nothing else, are hard headed business men and would not make this suggestion for one moment if they thought they couldn't produce programmes of good quality that people would reach out and seek, and still make money on them.

THE CHAIRMAN: I am sure, even being hard headed business men, they are going to end up either making a profit or going out of business as you yourself said. The thing that is much harder to get at is the price they would pay in order to show a profit. In other words, what is the price going to be, as you say it is a very powerful medium, a degradation of programmes such as has been charged at times against the private stations, or some of them?

MR. ALLARD: Yes, it has from time to time been charged, Mr. Chairman, and let me comment on that briefly before I get back to your main point. It would be astonishing if every radio station in Canada operated on the same level of efficiency. The fact remains the great bulk of privately owned radio broadcasting stations have an excellent record, indeed. We have put part of that before the Commission. Frankly, we are very proud of it.

We hope the Commission as it travels across the country will listen to our members stand, as well



visit their stations, if it is at all possible, and talk to the operators of these stations. And we are quite convinced if this done the Commission will agree that the operating record of non-government radio broadcasting and television stations is an excellent and proud one.

THE CHAIRMAN: Before you leave and go on to the point, I don't want to turn you away from that, I hope to do this, as many stations as we can and talk to the operators. And, also, to see some of the CBC stations and talk to their operating people.

But, it is a fact that the operation of private radio and television stations today is partly made up of the programmes that have been supplied, to the great majority, at least by the CBC, with public money. In other words, your picture today is not an independent picture, it is a picture of something like 50 per cent supplied to you by the government to balance your own activities. Is that not right?

MR. ALLARD: That is not completely true. In radio broadcasting there are a good many radio broadcasting stations not on any network. But, if we leave this aside for the moment and take those radio stations that are, and the television stations that are. The figure has been mentioned at \$100,000. and later cut down to \$80,000, that it cost the CBC to connect these stations to their service. We have no access to the CBC books, we do not know where this figure comes from. We find it difficult to understand, but we are not quarreling with it. We want to



make this point, concerning both radio and television private operators, they provide the physical facilities, so the CBC has no capital or operating cost for the distribution of these programmes. Then, also, they are providing the time on which these programmes are carried, and in several cases the operator could certainly be making a great deal more money by selling that time.

COMMISSIONER STEWART: On the opening of a new station I don't think it would provide programmes at the start without assistance. That is the impression I had from some private operators, that they are dependent on these sustaining programmes that the CBC supplies.

MR. ALLARD: I am not suggesting for one moment those stations that receive those programmes do not find it helpful, in the smaller areas, it is a different question in the bigger areas. That is not the point I am making. The half hour, a quarter hour, what ever period is occupied, is worth so many dollars to the operator.

THE CHAIRMAN: If he could sell it.

MR. ALLARD: He should be able to sell it.

Secondly, there is an offset on those three factors, just how it works out in terms of practice no one can say.

page 600 follows.





MR. de GRANDPRE: Coming back to the answer you have just given, remaining with the television problem for a while, you say private stations find it very useful to have the CBC sustaining programmes on their own stations, but if the sustaining programmes were taken away from the private stations, what would the private station do with the free time that would then be the result of the removal of the sustaining CBC programme from it? That is what I would like to know.

MR. ALLARD: What you should keep in mind is this, practically every broadcasting station in the world has programmes provided by networks in its operation, but in Canada there is only one source. If you except the situation where there is a network set of service, two or three networks, and the station can alternate with CBC it is one thing but it is very difficult to conceive the situation in which there is only one network and that network is owned and operated on behalf of the state suddenly withdrawing all its services from the privately owned stations, which are visualized by that system as being an extension to the system.

MR. de GRANDPRE: So you are contemplating a second national television network privately owned in order to be able to operate the television stations on a profitable basis without the help of CBC?

MR. ALLARD: I am not suggesting that it is absolutely essential, I am merely saying it is important to discuss the matter in practical terms,



that is, your sudden withdrawal situation, unless there is an alternative source of supply.

MR. de GRANDPRE: And this alternative source of supply is either an import of American programmes from the American networks or the creation of a second Canadian privately owned network or still keeping the help of the CBC; I do not see any further alternative.

MR. ALLARD: Or local programmes, and do not forget this, that this importation is important to us. There is a tendency to think of a network infixed terms and I think people sometimes get that idea, but a network does not have to be a group of stations across the country tied together by land line or microwave link, there are many ways of creating a network. I have already pointed out if every daily paper in Canada carries Pogo, that constitutes a network because any Canadian has it available, and the fact that newspapers are released at different times does not matter. Now, carry this into broadcasting, you can create a programme in Montreal or Toronto or anywhere else, and by means of tape or video tape or film or kine you can make this available quite quickly to any city in Canada that you wish, so a network can be thus created. If second stations were in existence it is quite likely they would start building up programme production sources in the major centres in order to assist.

MR. de GRANDPRE: In effect, that is a second network?





MR. ALLARD: Yes, and I want to make it quite clear that a network need not necessarily be in the form of a physical linkage.

MR. de GRANDPRE: As a matter of fact, there is no physical linkage now, it is done by kinescope recordings.

MR. ALLARD: That is right.

MR. de GRANDPRE: But, is it financially possible to have two competing networks in Canada?

MR. ALLARD: We certainly believe so and we would like to have the opportunity to put it into practice.

MR. de GRANDPRE: And do you think there are enough national advertisers to buy time, as much as they do now, when they do not buy everything that is done today?

MR. ALLARD: Possibly our selling methods are a little more aggressive.

THE CHAIRMAN: Just a little more is not going to solve this one.

MR. CRITTENDEN: It is not a question of a dearth of advertising as to live television programming, it has to buy the programmes that are suggested to them. Lots of advertisers who want to get on Canadian television but there are not a lot of advertisers who want to buy those specific shows that they are offering.

MR. LYND: They want to get on Canadian television with Canadian programmes but not necessarily the ones that are offered. There are good



Canadian programmes that can be provided by the private stations or by the advertisers.

MR. ALLARD: That, Mr. Chairman, is the point, there is no reason why a show could not be good simply because it is Canadian, and if it is a good Canadian show there are lots of interested advertisers.

MR. de GRANDPRE: I am not quarrelling with that statement, I simply say that the good Canadian show is costing too much money for a Canadian advertiser in order to reach two million television homes.

MR. LYND: Have you produced one?

MR. de GRANDPRE: Let us not get into an argument on that.

MR. LYND: I am carrying twelve and a half hours of Canadian shows produced by the CBC, I am carrying approximately twelve and a half hours, Canadian shows produced by the CBC, and I am carrying approximately twenty hours of Canadian shows produced by CKCW-TV, and I would like to add that my programmes are just as popular as any others.

THE CHAIRMAN: Just as popular in your local area, but whether they would be of national interest is a different thing.

MR. LYND: I think there are some of my programmes I would be glad to put up against any programme anywhere.

THE CHAIRMAN: As a national programme?

MR. LYND: Yes.

THE CHAIRMAN: I think a perfectly good programme can be produced for local consumption and





there is nothing wrong with it but it cannot be shipped across the country because it has not significance for other people. To get at this question, I would like to know what your view is, taking your TV private station group today, there are some 25 or 26; they are operating today, as it was suggested, as part of the national system of broadcasting, they have local ventures but they are operating as part of the national television system. Now, do you owners of those private stations want to remain part of the national system or not?

MR. STIRLING: Yes, we do not quarrel with that, I speak for myself only; Mr. Lynds might have something to say.

THE CHAIRMAN: I think this is a fundamental basic question: do you want to be cut loose and go on your own way or do you want to stay as part of the national system? We are speaking about the need in Canada of having a national system and you are today part of the national system, and my question is, does your Association, speaking as an Association, want to remain part of the national system?

MR. ALLARD: Mr. Chairman, we are so accustomed to working under regulations that it is very difficult for us to visualize the way these things are handled, but, assuming there was some choice in the matter, the way we would like to see it work out is at least one of any two or more non-government television stations in Newfoundland or anywhere else, or any one area, remain part of the nationally





owned system.

COMMISSIONER STEWART: In other words, you want to live with the best of both?

MR. ALLARD: No, sir.

COMMISSIONER STEWART: That is a perfectly straightforward question put to you, do you want to remain or not? You have given us a long answer that really does not answer the specific question.

MR. LYND: Could we put it this way, sir, yes.

MR. STIRLING: The only thing I would like to see is better shows in the system so we have a greater interest, but I want to remain part of the national system.

THE CHAIRMAN: I am very glad to get this, we have to have a starting point and we are all groping around for firm ground on which to start. Obviously if the agitation was in favour of complete severance we would have to look at the question of whether the CBC should build this national system and let the private owners go their own way, but if the private broadcasters do not want that, then that is a solution, at least, it is a step, and I take it from the answer that you want to go along with this concept of a national broadcasting system. Now then, we can get down to specific things, of which Mr. Stirling mentions one, which is better programming. I would be very glad indeed if you amplified that further either now or when we are in Newfoundland, Mr. Stirling.

MR. STIRLING: Mr. Chairman, rather than delay the hearings here I think I will leave it to



Newfoundland.

THE CHAIRMAN: Once we can get a starting point and find where we want to go you can make all the criticisms you like, provided they are constructive.

MR. STIRLING: Mr. Chairman, we do not want to criticize the CBC just for the sake of criticizing, they have done a lot of good and have been of help to us but we have contributed a lot also.

MR. LYND: I think it should be said straight that we are just as good Canadians as the next fellow, we are just as interested in seeing good Canadian programmes as anybody else, and when we say we want to be a part of the CBC, for Mr. Stewart's safety, the answer is definitely yes, but there must be some qualifications, of course.

MR. de GRANDPRE: What are they?

MR. LYND: Well, you cannot say of the 156 privately owned stations in Canada that 156 privately owned stations in Canada are going to carry the same programme on the national system. There is a qualification.

MR. ALLARD: Yes, we are dealing with this in very general terms indeed, and it would depend on the actual arrangements, to have it in practice. You may have a situation where there were two television broadcasting stations in Calgary, to pick a city at random; now, you may work out the arrangement under which one of those was affiliated with the CBC's networks, and the second station might be affiliated with a privately owned network or non-network, there





may be no network of any type, or you might work out a system under which they were both affiliated with the CBC.

MR. de GRANDPRE: Taking this possibility that you mention, if there are two privately owned stations in any given city and one was affiliated with the CBC network and the other one would be on the loose all the time and it could produce its own programmes all the time, if I understand the argument which you have put forward correctly, one station, the station not affiliated with the CBC, would make a lot more money than the station affiliated with the CBC because it would not have to carry CBC sustaining programmes. Am I right?

MR. ALLARD: It might or might not, that is a hypothetical situation and it depends on the audience and the business and management involved in different cases. These are purely hypothetical situations, and it also depends on what arrangement is worked out. All we are pointing out is, there are at least four different fundamental arrangements which might be worked out and those are matters of very broad Government policy, and, as I say, puts us in an unusual situation when it is assumed that we were to have any choice in the matter; this is a new thing thrown into the broadcasting business as of today.

THE CHAIRMAN: I think Mr. de Grandpre's question was directed to this; he was suggesting from what he said that the unaffiliated station would have



the opportunity of making a great deal more money and you say maybe the exact opposite, maybe the advantage of the CBC connection makes the affiliated station more profitable. The question was developed where it gets you, do you pick and choose between those two individual Canadian private operators, is it first come first served?

MR. LYND: May I put it this way, the Government does issue the licences, perhaps the Government in issuing the licences would suggest that the two stations would share the responsibility of serving the national picture, one station might do it one-half hour this evening at a good time and the other station would do it another time, and share the responsibilities. It is a thing that has not been worked out, it cannot be worked out because it is not permitted.

THE CHAIRMAN: You realize we cannot work this kind of detail out, we are trying to get the atmosphere or the background. Let me ask you another question, supposing that a non-affiliated private station -- would you expect that there could be, and perhaps should be, definite programme requirements as to what that station should do as part of its licence?

MR. ALLARD: No, this would represent no new situation at all, consequently, I do not think anybody would be prepared to take any serious objection to it.

THE CHAIRMAN: Except it is one thing to say in effect you have an affiliated station, you must





maintain certain programmes and we are going to supply them to you up to the amount that we agree on, and a very different thing to say to a completely private man, you operate but you must produce and get and some way arrange for programmes up to such and such a level?

MR. LYND: Who would set the level and on what basis would they set the level?

THE CHAIRMAN: Well, this is a problem and we are getting into details and it is very difficult, but I am looking at the question of whether or not the notion of programme control would be implicit on the establishment of a Canadian private station, control of programmes.

MR. ALLARD: I wonder if for just a moment we might look at this from the theoretical viewpoint of the listener and viewer rather than that of the private broadcaster or any other broadcaster. Is it not a fair assumption to make that the interest, the average citizen in this matter, is to get as much television service and the best type of television service possible. Now, would this be a good hypothesis to start from, and if it be a good working start then the ideal situation is one in which as many people as possible are permitted to produce and distribute as many programmes as possible of the highest possible quality, and this, of course, gives a reasonable degree of freedom of movement. Perhaps this would be a good solid starting place; first, what the average, the mythical man on the street ought to get out of the development of television broadcasting





in Canada.

MR. LYND: The reason I asked the question a moment ago, I was thinking very definitely of my own operation. I try to please most people most of the time. Now, there are times when I do not please most of the people, and I am deliberately going for a specific audience. I mentioned the Mount Allison forum, I cannot possibly hope to get the mass audience with the forum, which is a discussion sometimes of professors which can be quite dull, but I think it serves a very useful purpose. Now, on what basis can you say you are going to programme in the best interests of the community? Are you going to say you will put symphony on twenty per cent of the time, drama on such and such a per cent of the time, how are you going to do it? I am trying to run my station so that my community will be a little bit better because my station is operating there, and I do not think there is a regulation under the sun that can do it any better than that.

THE CHAIRMAN: Well, I think you may have to get into that kind of regulation the class of the audience as against the programme, the imported as against the local programme. The question of this kind of regulation is what you do not object to?

MR. ALLARD: Well, that would depend on what the regulation was. I think, for instance, there might be very serious objection where regulation prevented the proper development of certain new techniques. There is no particular magic in the way a



programme is presented. If either you, Mr. Chairman, are or myself watching a certain television show which we enjoy because what we like is on the screen, I suggest we do not know or care whether it is live or film or if it is on the new video tape process. Now, if Mr. Lynds of Moncton can produce a show better and more cheaply by putting it on video tape now to run at six o'clock tonight, should not the prime objective in all these discussions be, how can we bring the greatest possible amount of the best possible broadcasting service to Canada and Canadians. I think whatever structure is worked out, whatever framework of regulation is worked out ought to be within that basis. There has been a tendency at times, I suppose it obtains in other businesses as well as this one, to make a regulation for the sake of making regulations or to some small point that is of no particular importance.

THE CHAIRMAN: Can you give me an example of that?

MR. ALLARD: One specific example was this regulation that was rescinded a while ago because it was being broken by every broadcasting station in the country, public and private; there was a regulation that prohibited you mentioning the name of the manufacturer of a transcribed or phonographic record on the air. Now, the present regulation dealing with the use of mechanical reproductions for a certain time in the evening, does that really matter to the listener if the programme is good or useful, whether it comes to you live as of that moment or on a





transcription? This can be very useful in a country which has time zones. For instance, the Prime Minister wishes to deliver an important message and wishes to reach the people of Ontario at seven o'clock, and it is a greatly different time in Newfoundland and British Columbia, but does his message suddenly become less important, less vital, because it is brought to the people at the eastern and western extremities on tape or disc?

THE CHAIRMAN: No, I think you can see perfectly clearly what the reason for that kind of regulation is. I am only guessing but I think all of us in the radio field have been exposed by the hour to stations that broadcast spot announcements and records and nothing else for hour after hour. That is the kind of thing that these regulations are directed to.

MR. ALLARD: Well, this particular regulation would have no effect on the particular thing transcribed, but the only point I am making is there is no particular merit in the particular form. This ought to be first decided, we have to bring more and better service to the Canadian viewers and perhaps his interests ought to be taken into account above those of any other element in the community.

THE CHAIRMAN: Well, let us get back to where I was a while ago, and the general statement that do private television broadcasters wish to remain part of the national system, and from that point it becomes, instead of a violent dispute, it becomes at least the beginnings of a partnership operation,



which I think is the approach we should make to it, both in our discussion and in the development of this thing from there on. How do we make this partnership work, if you accept it as a partnership and the CBC accepts it, how do you make this work? Will you carry on from there, Mr. de Grandpre?

MR. de GRANDPRE: Reverting back to radio broadcasting, could you tell us what proportion of the Canadian produced programmes your privately owned stations are carrying weekly?

MR. ALLARD: We can answer that in a negative form, because we had a survey done for us by Elliott Haines of Toronto, and one of the questions asked on this survey, which has been filed as Supplement No. 6 to our main brief ---

THE CHAIRMAN: That is Exhibit 22.

MR. ALLARD: It is in Table 4, and it says:

"How many hours of your programme time, throughout an average week, do you estimate is occupied by material produced outside of Canada, for broadcast purposes exclusively?"

Certain instances are listed, and the replies that the survey got showed three hours and fifty-five minutes in the case of radio and sixteen hours and thirty-three minutes in the case of television. The total operating hours were 127 hours and 48 minutes in the case of radio and 65 hours 46 minutes in the case of television.

MR. de GRANDPRE: It is all a question of





trying to define the term, what do you mean by Canadian produced programmes in this report?

THE CHAIRMAN: Material produced outside of Canada is the phrase.

MR. de GRANDPRE: I am sorry, I was looking at the other page. What do you mean by material produced outside of Canada for broadcast purposes exclusively, what do you mean by those words?

MR. ALLARD: Well, I do not suppose it would be too helpful if I said material produced outside Canada for broadcast purposes.

MR. de GRANDPRE: I will ask the question direct, do you consider that a programme where there is an announcer announcing that a record is going to be played, a Canadian produced programme if the announcer is a Canadian announcer?

MR. ALLARD: Well, to the extent that the announcer participates in it, it is Canadian origination, when it comes to the record or transcription it might or might not be produced in Canada, it may contain Canadian produced material ---

THE CHAIRMAN: What we are asking is, does this 3 hours and 55 minutes include the playing of musical records? It obviously could not because I can hear more than that in any one day. I would think, in other words, if you take your 23 hours and 24 minutes that is network, what is the total time on the radio?

MR. ALLARD: In the case of radio, 127 hours, 48 minutes.





THE CHAIRMAN: Obviously you have not got 124 hours approximately of Canadian originations unless you include in that the originating of the recordings?

MR. ALLARD: I would have to check that with the survey company about the way they broke this down, but I assume, in an overall way, the statement you just made is correct. It should, of course, be mentioned that not all phonograph records are produced outside of Canada.

THE CHAIRMAN: That is not the point, it is a question of whether it is a phonograph record or it is not. The point is, you put up a table like this saying that only 3 hours and 55 minutes out of 127 hours is estimated as being occupied by material produced outside of Canada, well, that is a bit misleading, surely you admit that?

MR. STIRLING: Are you not interested in just the type of programme, the type of thing, you do not consider a musical in this way, you are thinking in terms of the American programmes coming into Canada?

THE CHAIRMAN: Mr. Allard put it to us this was 3 hours and 55 minutes out of 127 hours, and I say that is somewhat misleading because perhaps it should be 3 hours and 55 minutes out of 7 hours and 10 minutes, and the rest is all records, but I do not know.

MR. ALLARD: Well, this survey was taken for us by an outside firm, and I do not know exactly how they interpret certain figures, but it was



apparently their intent to show that this represents the amount of time consumed by material produced outside of Canada for broadcast purposes exclusively. Now, this leaves a certain gap somewhere.

THE CHAIRMAN: I think it does. We will adjourn for ten minutes now.

---Intermission.

(Page 620 follows)





THE CHAIRMAN: Before we resume the questioning I think you have got that one small point clear, Mr. Brown, on the question of the difference in radius, or whatever it is called, in the American system and in the Canadian. Is it in the Treaty, or is it not?

MR. BROWN: The yardstick of two hundred and twenty miles, which is the separation used in working out the allocations, is not mentioned in the Treaty, but that is the distance which was used in making the allocations.

THE CHAIRMAN: And using two hundred and twenty in the International Agreement you, in Canada, have slightly raised that to two hundred and fifty, have you?

MR. BROWN: No sir, we used the same separation.

MR. STEWART: Would you say while it is not in the Treaty, between the two countries there is sort of a gentleman's agreement on that basis? It was a matter of discussion at the time the various channels were allocated to each region of the country. Is that a fair statement?

MR. BROWN: When the list of assignments was made out, the list which was annexed to the agreement, that was the geographical separation used in working out that table of assignments.

THE CHAIRMAN: It is not mentioned in the Treaty but it is there.

MR. BROWN: It is there, yes sir.



MR. deGRANDPRE: Just before the adjournment we were discussing about the Canadian content of radio broadcasting on privately owned stations, and we were discussing the figure of three hours and fifty-five minutes which appears in question 4 of Exhibit No. 22.

Did I understand one of your last answers correctly that you were not in a position to tell us exactly what this figure represented?

MR. ALLARD: Well, I don't know precisely how the Association interpreted these figures. Obviously there is a gap between that used in the United States for their press, and some material which may be produced not exclusively for broadcasting.

MR. deGRANDPRE: So that the important word to arrive at such a figure would be the word "exclusively"?

MR. ALLARD: Yes.

MR. deGRANDPRE: How would you classify what is commonly called a disc jockey program?

MR. ALLARD: It would be a matter of interpretation, I think. The Canadian announcer speaking in Canada is a Canadian. Some of the material he uses would be produced in Canada and some of it would not.

MR. deGRANDPRE: When you say "produced" do you mean the actual making of the record would make it a Canadian program, and that if the record is made in the United States it would be an American program? Is that the way you would classify it?





MR. ALLARD: Either or both, sir, and this is where we run into a little difficulty; either a record produced in Canada or a record containing material written by a Canadian, whether the physical property was produced here or abroad.

MR. deGRANDPRE: But if it is an American artist and the original recording has been made in the United States but the duplication or the reproduction of the record has been made in Canada would you call that a Canadian program or an American program?

MR. ALLARD: This is just why you run into so much difficulty with this point. You could argue it either way.

THE CHAIRMAN: I think what we really want - not that it matters too much, but in order to get significance out of the material you have put in we want to know what this three hours and fifty-five minutes is out of how many hours and minutes. It certainly is not out of the whole one hundred and twenty-seven?

MR. ALLARD: No. I think, Mr. Chairman, I tried to make that point clear, that there is another area, that being the use of material not produced exclusively for broadcast purposes, but used primarily for some other purpose, but used in broadcasting, which is produced in one way or another outside the country or comprises non-Canadian material. Does this answer your question?

THE CHAIRMAN: This answer does not give you any picture of Canadian content, or does it?

MR. ALLARD: No sir. It is difficult to





arrive at a definition because of all the interlocking factors we have been discussing.

THE CHAIRMAN: I don't think we need pursue that.

MR. deGRANDPRE:

If I may put one other question: What would be the proportion of the Canadian produced live programs on Canadian radio?

MR. ALLARD: Live programs?

MR. deGRANDPRE: I mean privately owned radio?

MR. ALLARD: I would imagine, sir, virtually all. There are practically no Canadian radio broadcasting stations which have direct connection with United States networks or stations. In fact there are only six out of a hundred and fifty odd stations, so virtually all of them are live.

MR. deGRANDPRE: I suppose if we can't rely on the answer given to question 4 it is equally difficult to rely on the other answers which appear on page 3?

MR. ALLARD: I am not suggesting that you can't rely on it. I am merely pointing out it is a limited and specific question which ought not to be interpreted beyond its specific area.

MR. deGRANDPRE: Now, getting to the second answer given to question 4 do we have to take the answer sixteen hours and thirty-three minutes in the same light?

MR. ALLARD: This is question two?

MR. deGRANDPRE: Television, yes. There is a second answer to question 4. The first one was for radio and the second for television?

MR. ALLARD: Yes sir.



MR. deGRANDPRE: So it is taken exactly in the same light?

MR. ALLARD: Yes.

MR. deGRANDPRE: Before we leave this subject could you outline for us in general terms to start with what would be your concept of a Canadian National network?

MR. ALLARD: Yes, sir. We did have a brief discussion on this point in a recent break amongst ourselves, and as we see it the way a National system might be worked out is in terms of an equal partnership. This would presuppose actual or possible competitive television service in any area. In some cases it would be actual, and in other cases potential. It would also presuppose that there would be a separate body of regulation in order that the partnership would be equal. It would presuppose further that the non-governing stations, whatever their connection with the Canadian Broadcasting Corporation network, ought to be free to interchange amongst themselves material produced by themselves, and to use on an individual or interchange basis material produced by independent program production agencies.

THE CHAIRMAN: Well, you don't, in normal business partnerships, allow two of the dozen individual partners to make private deals within the partnership, do you?

MR. ALLARD: Well, I wonder if that is precisely the situation we are coming at here. We visualize a situation in which the non-Government stations make certain arrangements to carry our Canadian Broadcasting Corporation programs. Indeed







one or more stations may be required, as they are now, to carry a specific amount of it, but in the event of dispute between the Corporation and any such private station there would be an independent body of regulation to which that dispute could be referred and settled in the light of common interest.

THE CHAIRMAN: I am talking about your suggestion as I think you have put it that the private stations should be free to work out their own interchanges or semi-networks, or whatever you like to call it, without consultation, and I say if you accept the proposal of being partners in the National System surely you don't allow two or three of the partners to make a small deal within the partnership so the rest of the partners don't have any part in it?

MR. ALLARD: This would not necessarily be without consultation. I can see your point, Mr. Chairman.

MR. STEWART: To clarify this situation are you talking now of two National systems, or are you talking the C.B.C. as giving over-all coverage, and the non-Government stations being partners with them and making limited network arrangements amongst themselves?

MR. ALLARD: The latter, sir.

MR. STEWART: You are not visualizing two National networks?

MR. ALLARD: No sir.

MR. deGRANDPRE: You are not visualizing two systems running in parallel across the country?

MR. ALLARD: Not necessarily. There would be places there they would be integrated for obvious reasons. There would be some areas where the



competitive service would be potential. In fact there would be in some cases only one station and in others it would have to be worked out within the framework you have suggested.

MR. deGRANDPRE: But in practice how could the C.B.C. provide National coverage if it is liable not to have outlets at different points?

MR. ALLARD: We are not suggesting that it be denied an outlet at any point. Where there is only one television station existing in a city, obviously that station would have to enter into some form of integration for carrying Canadian Broadcasting Corporation station programs, and this is an arrangement that even on a compulsory basis we are not backing away from as long as there is a third party to whom any dispute may be referred, and that dispute can be settled by this third party or independent board in the light of public interest in the matter.

MR. deGRANDPRE: We will have to come back to the question.

THE CHAIRMAN: Yes. It is an odd form of partnership to make where you ask for a referee when you start your partnership.

MR. ALLARD: Well, I suppose any partnership has always access to the Courts in the event of a dispute.

THE CHAIRMAN: If they want to sue each other, yes, but that is not the way they operate.

MR. ALLARD: No sir, but merely for the purpose of clarification of terms of the contract or something of that sort.

THE CHAIRMAN: There are lots of questions on the business of this whole separate regulatory body





that we want to come to.

MR. deGRANDPRE: While we are on the question of the system of networks I would like to have more precise information as to exactly how you would make arrangements to have National coverage on one hand and private arrangements on the other? I am not clear on that?

(Next No. 635)





MR. ALLARD: The situation would be different in different cities, but let us assume a given city in which there were two privately owned stations, to take an extreme example. It could be one CBC and one privately owned station, but let us take an extreme example of two privately owned stations in a given city: it may be that one of these privately owned stations would carry a certain percentage of CBC programming, or it may be that both of them would. That is not quite our point. All we are saying is that in either of these two cases, either or both of these stations ought to be free, or, they ought not to be in a position where they are prevented from, at least, taking programmes supplied by another station in Canada, or an outside programme production agency. Nor, would we visualize the CBC being denied this privilege either.

THE CHAIRMAN: Well, on that, have you sought to take programmes from another station in Canada? I don't mean the creation of a separate network, but an arrangement for an exchange of programmes, and have you been refused that right in your private stations?

MR. ALLARD: There have been no refusals of the rather large amount interchanged between stations in radio. There is quite a bit of this being done.

THE CHAIRMAN: Yes, that is what I thought.

MR. ALLARD: We are merely putting forward the thought that this ought to be the case, that if these stations want to interchange programmes, they



should be allowed to do so.

THE CHAIRMAN: I want to know whether we are dealing with a complaint in practice or merely a lot of theory. You say you have these two stations in, let us say, Peterborough, both of them private, and you say they should, either one or both, carry CBC programmes. You say they should both be free to take material originating from another private station and they should be free to take programmes manufactured by some other programme producing agency. Now, stated that way it sounds as though they are not free to do it. If they have not, in fact, been refused, and you admit that some kind of general supervision is needed so this thing does not run free and wild, as a matter of practice, have you been refused exchange, the stations, and have you been refused the use of programmes from other producing agencies?

MR. ALLARD: Subject to correction, I don't think so.

MR. STIRLING: No, we are allowed to do that now.

MR. ALLARD: We are not putting it forward as a complaint.

THE CHAIRMAN: In other words, you are saying that if you have two stations they should operate the way you are operating now?

MR. ALLARD: Pretty much the same system that is now permitted.

THE CHAIRMAN: Well, I misunderstood you. I thought you were complaining about some lack of





freedom. When you say "We should be free", I assumed you were not free.

MR. ALLARD: No, sir.

MR. de GRANDPRE: Pushing this a little further, wouldn't it be the ultimate result due to financial pressures that programmes would not be as a general rule of Canadian origin?

MR. ALLARD: No, sir, I don't think that at all. The experience has been with existing privately owned television stations that good Canadian programmes can be produced and are, in fact, being produced, and I think some of them are being sold.

MR. de GRANDPRE: You mean they are produced on a local basis and sold on a local basis, but could you translate that and put it on a national basis?

MR. ALLARD: Yes, sir, certainly, for two reasons. If the local programme is good at Moncton, it is likely it will be equally good if a film is made and shipped to Calgary and used there locally. There isn't that much difference in the tastes of Canadians. That is one possibility. The second possibility is producing them at a central agency, say, in Montreal or Toronto, and using them on a national basis. In other words, under the system we visualize you would have three groups of production: the Canadian Broadcasting Corporation, various privately owned stations, and other independent agencies such as advertising agencies in Toronto, some of whom are now prepared to produce -- and also film production companies and the like



operating in Canada.

THE CHAIRMAN: Is there any problem about this? If these three groups are now producing, surely we are going to use it? There has been no refusal.

MR. ALLARD: No, sir, but I should make it plain this is not a complaint. We are merely trying to supply the operating details on how it could work.

MR. LYND: To this extent; as I understand it now, Canadian producing companies are not allowed to produce Canadian national television shows. I may be wrong in that, but I think the only group producing programmes for the national television network is the CBC.

THE CHAIRMAN: There may be various reasons for that, and I would like to find out, but it seems to me the answer would be pretty clear, if there had been any private groups seeking to produce programmes who had been refused. Do you know of any?

MR. LYND: I wouldn't like to name names, but certainly in groups sitting around I have had a lot of complaints from advertising agencies who wanted to produce and they have been refused permission.

COMMISSIONER STEWART: Would it be because their standard didn't reach the type the CBC wanted, or was it that just the CBC didn't allow them?

MR. LYND: I would doubt it.

COMMISSIONER STEWART: Well, Mr. Dunton said the CBC had no objection to that provided it passed their standards.

THE CHAIRMAN: I don't want this to become





too informal, but Mr. Dunton is present so let us ask him. Is that correct, Mr. Dunton?

MR. DUNTON: The CBC is perfectly open to accept suitable programmes produced by outside producers.

THE CHAIRMAN: For national distribution?

MR. DUNTON: Yes. There may be some confusion here, but we do insist that any production produced in our own facilities is done under the full CBC supervision.

MR. STIRLING: On the American network you can go in -- take Procter & Gamble, for example, who may want to produce the Denny Vaughn show: they could rent the studios from NBC and produce and package their own show and put it out under their own direction and have complete control of that programme. They would pay all the charges for the rental of the studio, of course, because for an agency to have its own studios and all that paraphernalia necessary is a very expensive proposition. But, that is refused in Canada.

THE CHAIRMAN: My suspicion from what we have heard on that is that you would be overcrowding the present facilities, and you can see there isn't room for outsiders to go in and rent facilities. There isn't enough rental available.

MR. STIRLING: But the present agency people, if they didn't add any more shows are still not able to produce the shows that are being produced under the present facilities.





THE CHAIRMAN: Well, we will come back to that.

MR. de GRANDPRE: Unless the Commissioners have other questions on this particular point, I intend to leave it.

Always contemplating the situation where privately owned stations would be made available, as I understand it, there are only four channels available in Montreal and two channels available in Toronto?

MR. ALLARD: One additional, sir, in Toronto at the moment.

THE CHAIRMAN: Yes.

MR. de GRANDPRE: There are two channels, but one is taken by the CBC?

MR. ALLARD: Yes, sir.

MR. de GRANDPRE: Am I right?

MR. ALLARD: Yes, sir.

MR. de GRANDPRE: So, there is one channel available?

MR. ALLARD: Yes, that is right.

MR. de GRANDPRE: What plan do you outline to license these individuals coming forward and applying? The choice is very limited; how would you allocate these channels? Would you give them to people already in the radio field, or to people who are not in radio at all, or what? Did you visualize this possible situation?

MR. ALLARD: I suppose that our reply to that is rather academic; we are not the licensing authority.

MR. de GRANDPRE: No, but you are the one



pressing for licences, and I would like to know whether in view of the very limited commodity, there is any particular scheme that you have in mind so as to not create any discrimination or prejudice?

MR. ALLARD: As far as we are concerned, as an Association, and it is the only concern we can possibly have as an Association representing all kinds of people across the country, it is this; that the various applicants for such a channel be heard openly and fully before a non-operating administrative tribunal which will then make a recommendation to the appropriate minister.

MR. de GRANDPRE: You would not contemplate a sealed tender method or anything of that sort in view of the fact that we are placing a limited commodity, and, as the Chairman said previously, it is a franchise that has been given by the Government?

MR. ALLARD: Well, of course, in the final analysis everything is given by the power of the state, I suppose. That is, at least, what keeps order in the community, and I may say that I, at least, and I think the Association officially, does not regard the use of a specific channel at a specific place as a franchise exactly. A franchise is something else. In addition, the radio broadcasting commodity was much more seriously short a year ago than it is now, and we consider it eminently likely that new technological developments will dilute the apparent shortage in most areas of Canada.





THE CHAIRMAN: Let us break this down.

Do you feel that the general licensing arrangements and so forth on the radio front have worked out pretty well? Have you any complaints at all about the way in which the private radio stations have been licensed?

MR. ALLARD: Within recent years, Mr. Chairman, the licensing arrangement has worked out generally not too badly. The only recommendation we have made in this connection in recent years, and we are putting it forward now, is that these matters ought to be operated by a non-operating independent board.

THE CHAIRMAN: You keep returning to that, I am just asking you a specific question: is there anything wrong in the way it has in fact worked out in radio?

MR. ALLARD: Apart from this, no, sir.

THE CHAIRMAN: Well, how did this hurt you if you got a satisfactory result? How do you care how you got it, are you really not beating this?

MR. STIRLING: The only thing we are objecting to is that the Board of Governors control anyone appearing before them; if they recommend it they get the licence.

THE CHAIRMAN: But you get it?

MR. ALLARD: But I say if the Board were separated from the operation, all we are looking for is not to be governed by our competitors. Certainly none of us have any complaints about the Board of Governors of the CBC, they have been very fair and have done a wonderful job.



COMMISSIONER STEWART: In other words, you disagree with the principle but have no kick against the manner in which it has been administered up to now, is that fair?

MR. STIRLING: Yes.

MR. ALLARD: That is a fair statement.

MR. de GRANDPRE: And you would therefore suggest that the allocation of TV channels be based on the same principle?

MR. ALLARD: Yes, sir.

MR. de GRANDPRE: Even taking into consideration the fact that TV channels as we understand them today are more limited than radio channels?

MR. ALLARD: Temporarily that is true.

MR. de GRANDPRE: Mr. Dunton has indicated, yesterday or the day before yesterday, that in order to give service to affiliated privately owned stations it costs the CBC approximately \$100,000.

THE CHAIRMAN: I think to be precise, Mr. de Grandpre, he said it cost \$100,000 approximately to add a new TV station to the present system, the two are not the same thing.

MR. de GRANDPRE: Well, to add another station to the system, that being so, how would the private stations pay for this service given by the CBC under the present arrangement?

MR. LYNDSEY: May I make a point right here, and I feel quite strongly on this particular one; nobody is giving me anything in this particular case. I carry these programmes for the CBC but





I want to emphasize that without any capital cost to the taxpayers of Canada for a sum of \$100,000, and I question the amount, for a sum of \$100,000 they are getting national service in Moncton and nobody is giving me anything.

THE CHAIRMAN: That is exactly how Mr. Dunton put it. He said that he regarded this as being their way of getting national service in Moncton, but I think Mr. de Grandpre says if you add a second station in Moncton, what is the justification of the \$100,000 extra charge or whatever it would be?

MR. LYND: It would not be an extra \$100,000 charge, it would be \$50,000 to each station, going on the figures they have, that is not a connection charge, that is cost for what they say they run into supplying films to us.

MR. ALLARD: We do not know, after all, what this figure represents, and the details of it are something you can get only from the Corporation.

MR. de GRANDPRE: But is it your statement, Mr. Lynd, that it does not cost more to have an additional station if it is in the same city?

MR. LYND: Well, if they run the same set of programmes over both stations, which is quite unlikely, then, of course, it would be the additional \$100,000 but it may be split between the two stations.

MR. de GRANDPRE: But you could have the case where two stations could cover approximately the same area even though they are not located in the





same city, and in that case the cost would be double, am I right?

MR. LYND: Yes.

MR. ALLARD: Not necessarily, it would depend on what split was made between the programmes, and you must understand that we do not know what this figure is, whether its production costs are split equally amongst the stations or whether it is express air charges, or what we are dealing with. This is something we do not understand at all and know nothing about.

MR. LYND: I do want it plainly understood because I know a lot of people understand it the other way, this is not a handout, I do not consider it a handout. I am very glad to handle the programmes, I have no quarrel with that.

THE CHAIRMAN: You think you could handle the coverage?

MR. LYND: Quite a bit more than \$100,000.

MR. de GRANDPRE: Carrying this a little further, as I understand it, being part of the system you realize that you have to give national coverage and you are glad to co-operate with the CBC, and, therefore, you do not recognize that as being gift money by the Canadian Broadcasting Corporation to the private stations, but, in turn, if you had to put up a Canadian programme to take the place of the CBC programme which you receive, would that be an extra charge on your operating expenses?

MR. ALLARD: Not necessarily. In the



first place, I think Mr. Lynds has tried to make the point that there is no transfer of money from the Corporation to the station of \$100,000, the station does not get any money out of these programmes which are being provided for the station, it is pledged to carry a specific amount anyway, we do not know just what this cost represents, consequently we are in no position to give a sensible answer. If it be production costs, maybe we could produce programmes for less than that, we do not know; if it be shipping charges or something of that type we can tell you only if we have access to all the bills involved and so on.

MR. de GRANDPRE: I do not see that that answers my question. My question was this: you have, according to the figures that I have here, approximately 50 per cent of your programmes produced by CBC, is it 55?

MR. STIRLING: This is the point, it is not 55, that is including the American network shows, Disneyland and Wild Bill Hickok, that is included.

MR. de GRANDPRE: All right, let us say it is 40 per cent or 25 per cent, I do not think it is important, during the time that you are carrying the CBC programme on a privately owned station you do not have to spend money to produce your own programme; is that a fair statement?

MR. ALLARD: Yes, sir.

MR. de GRANDPRE: How much would it cost the privately owned stations to put on a Canadian programme during the hours that it receives the





CBC programmes, that is what I am driving at.

MR. ALLARD: Well, there are two factors involved. First of all, some of these programmes provided are commercial programmes and so on, but let us deal with the non-commercial shows provided, as long as a station is carrying a non-commercial show in that time it cannot sell the time, so to that extent there is an offsetting return contribution. Now, as to the cost of production, we do not know what element is involved in the cost of production, if any, so it is pretty difficult to answer, and the cost of producing shows varies with the type of show, the length of the show and who is producing it.

MR. de GRANDPRE: How much would it cost you?

MR. ALLARD: On a network basis?

MR. de GRANDPRE: Would it cost you anything?

COMMISSIONER STEWART: It has a cost?

MR. ALLARD: Yes.

MR. LYND: Pardon me, what is a programme, a piano player or a symphony orchestra?

COMMISSIONER STEWART: We are not asking that, Mr. de Grandpre is not asking how much, he says there will be a cost, I think that is all.

MR. LYND: Oh, sure, there will be a cost.

MR. STIRLING: You have to take individual shows.

THE CHAIRMAN: If the national service were suddenly pulled out from under you -

MR. STIRLING: The sustaining or commercial twelve hours a week?



THE CHAIRMAN: Commercial, you would have to make arrangements separately but if the national supply of programmes went out, undoubtedly you would be faced with a totally different operating position, you would have to go out and get your private programmes to fill out the time now taken?

MR. LYND: It may be half an hour on Sunday they would list a news magazine, I could turn it over to the local ministers and they will put a show on for me at no cost, so you cannot say how much it would cost to produce a half-hour programme.

COMMISSIONER STEWART: Is there a cost at all?

MR. LYND: Oh, yes.

MR. ALLARD: And I think I can make this statement quite categorically, if the privately owned stations were permitted to operate their own private centres on a network basis in Toronto, we can certainly turn out shows for no more money than is now involved.

MR. CRITTENDEN: May I add just one thing, these sustaining shows, this has to be brought down to specific hours on a general market, and these sustaining shows that are run between the hours of seven and eleven that were pulled out from us, I feel quite confident we can sell Regina talent in those four or five half hours at no cost to ourselves and make money. We would still have the sponsors who are prepared to buy that high class time. On the other hand, when we get down to, say, if the features are like Howdy Doody or the children's features, we have not been too successful in selling afternoon





time, so this would cost us money, the programme in that period. Now, what percentage, whether it would be 50-50 or breaking even, I cannot say; we would have to spend some time looking.

THE CHAIRMAN: But surely, is it not a fair conclusion from this, taking this hypothetical situation, the individual stations were busily trying to do the job themselves, there would be an undoubted degrading of the quality of the programmes?

MR. ALLARD: No, sir.

MR. LYND: No, sir.

MR. STIRLING: There are three different types of programme, the American commercials, the local Canadian originated commercials and the sustaining. There would be no dropping in sustained quality because it could be produced equally well, if not better, than the local stations undoubtedly if you lose the American network shows you have to replace with film.

MR. ALLARD: The fact of the matter is, the privately owned stations have been permitted to produce local programmes, they have produced local programmes which have wide support in most cases where they are available for sponsorship have not been too hard to sell. The network show is a different thing. Since 1936 the privately owned stations have been denied access to networks, but I will repeat my categorical statement, if privately owned stations were permitted to operate a network they would produce shows in Toronto or Montreal of as good quality at no more than they are now





costing.

MR. de GRANDPRE: Are we not always coming back to the same basic principle that we are always talking of two networks operating when you are referring to this?

MR. ALLARD: I took your question to be in effect, could we produce network shows if the present network services were suddenly pulled out from underneath us and still make it financially possible, and my answer to that is, yes, sir.

MR. de GRANDPRE: That would not be the death within a very short period of both networks because of the limited population, the vast area to cover and the very high cost to the sponsors?

MR. ALLARD: No, I do not suppose so. The question put to me, the hypothesis of two networks, I think you said if the national network were pulled out from underneath us, this \$100,000 per station disappears, could we fill the gap.

THE CHAIRMAN: I think I was responsible for this, I did raise that suggestion to try and get at the question of elements of costs, but I think we are getting away from it because under our terms of reference it is clear in the preamble, it says this:

"That the reconsideration of television broadcasting should be based upon the principles that the grant of the exclusive use of certain frequencies or channels for broadcasting shall continue to be under



the control of the Parliament of Canada, and that the broadcasting and distribution of Canadian programmes by a public agency shall continue to be the central feature of Canadian broadcasting policy."

So that is in our terms of reference, and, therefore, the notion of its suddenly being pulled away is only hypothetical. The question, though, that Mr. de Grandpre is asking you is as to your talk about network privileges or private stations, it necessarily envisages a second parallel network, not necessarily parallel, but ---

MR. ALLARD: No, sir, in some places it would be parallel, and I think we have already made the point that a network does not have to involve connection charges, physical linkages between stations, that you can create a network by video tape and so on.

COMMISSIONER STEWART: Is that what you are looking at when you are talking of a network, are you talking of tape or the kinescopes or whatever you call them, or microwave or line connections throughout the country? You are not thinking of network, when you talk of the non-government owned stations as something that can be instantaneously given in Toronto, Regina and Halifax?

MR. ALLARD: Not necessarily, sir, if you were to ask me, perhaps this would simplify it, if someone were to put to me the question as to how I would run a network, my answer would be, I would use line connections or microwave connections only for





events of such importance that they demanded immediate dissemination right across the country. On other occasions the distribution would be by mechanical reproduction, they would be a combination of the two.

THE CHAIRMAN: But then we come to a more express question, call it what you like, you envisage the combination of the national system, the network, and also the creation of some kind of network tie-up?

MR. ALLARD: Yes.

THE CHAIRMAN: Mr. de Grandpre's question was, is not this going to lead to very extra heavy total costs, having regard to the availability of network time, if you cannot sell the present network completely, how are you going to sell another one?

MR. de GRANDPRE: That was my question.

MR. STIRLING: I would like to think about this.

MR. ALLARD: Well, we would like to have some discussion, by and large, we feel not, but in discussion between ourselves we can probably make it clear.

THE CHAIRMAN: We are trying to get things started, to find out what the issues are, and if you can give us any help later on please do so.

MR. STIRLING: We could have television without weakening the network.

MR. ALLARD: You will realize, this may be unnecessary, but we are not trying to delay the Commission, but we are speaking on behalf of an Association, not an individual, and we have to consult.

COMMISSIONER TURCOTTE: Could I ask a



question of general character? In the first page of your memorandum you ask the Royal Commission to recommend the immediate licensing of non-government television broadcasting stations in all areas of Canada. Your Association is composed of men who are actually in the radio and television business, there are no outside interests, that is correct?

MR. ALLARD: Yes, sir.

COMMISSIONER TURCOTTE: Therefore, would your Association hope that in the event of further stations that some of your members would also secure these licences, and, if not, what practical gain or advantages would your Association derive from the fact that further station licences are granted to outside interests that you do not even know at present?

MR. ALLARD: Let me put it this way, if I may, that that part of it, the latter part, is a calculated risk, and, naturally, there are members of our Association who would apply in certain areas for the granting of a television licence and would hope to be successful, but they also realize that they may be unsuccessful. That is a risk that obviously they are prepared to take. There are also these two additional factors involved, that as an Association, as opposed to the individuals making up that Association, our chief concern is with the provision of the maximum amount of the best possible service to the greatest number of Canadians, and as an Association we can have no concern with what specific individuals get what specific licences. There is also, and this is





the last factor, it has been our experience in radio and the experience in the United States in television, that while competition in many other businesses is desirable and useful, that in the advertising and communications business it is almost essential to the existence, and I think I might get for you the name and call letters in a case which will bear this out, where the owner in the United States of a television station financed the fellow who got the opposition licence in the same city. The advertising business has a tendency to create momentum as additional media go into the field. You ask yourself if you are contemplating a town for a possible radio station, the first thing you think of is, is there a weekly newspaper there? If somebody came to us and said that they proposed to ask for a licence in X, the question we ask first is, is there a weekly newspaper, and if he says there is, we say, "Go ahead, it is all right", but if he says there is not, then our advice would be to put his money in Government bonds. The advertising business has a tendency to compete on the media, that has been our experience in radio; I think that represents our views.

MR. STIRLING: In other words, we believe in free enterprise.





THE CHAIRMAN: This point about the value of competition in the communication field raises some very interesting implications about the things that are being debated in the United States and particularly in Great Britain at great length. Do you think there should be any restriction in this immediate licensing of non-government television broadcasting stations in all areas of Canada in opening it up that way? Do you think there should be any limitations as to the people who are permitted to get such licences?

MR. ALLARD: We think that the people permitted to get such licences ought to be first and foremost Canadian citizens; that they ought to be people of substance, integrity and repute in the community, and we would certainly prefer that they have some experience in some of the matters they are called upon to deal with, and I can't give any views, as an Association, that we have beyond that.

THE CHAIRMAN: Is it a good thing theoretically for people who are already in the business of radio and television to have multiple outlets? Is it a good thing for people who are already in the communication business and advertising business and other spheres to engage also in television and radio?

MR. ALLARD: You are thinking of multiple outlets in the sense of one individual or company owning a radio and television broadcasting station in the same city?

THE CHAIRMAN: Well, would it be a good thing, for example, for Mr. Stirling to own all the



television stations in the provinces?

MR. STIRLING: No, sir.

MR. ALLARD: No.

MR. STIRLING: It would be very bad, I think. A monopoly of any kind anywhere is bad on general principles.

MR. ALLARD: No, sir, I can state categorically that we don't favour any such development as that. I doubt very much that Mr. Stirling, knowing the advertising and communications business as he does, would himself want it.

THE CHAIRMAN: He said he didn't want it. I got the answer I expected from him.

MR. STIRLING: These regulations are already in existence and the Board examines the economic potential of the market. There is no restriction of applications, and accordingly there isn't a single radio station in Canada that I know of that has ever gone bankrupt, with the exception of one in the French market. They do a good job under these regulations.

MR. ALLARD: It is covered by Section 32 of the Radio Act.

THE CHAIRMAN: This has been very interesting, but we will adjourn now until two-thirty.

---The hearing adjourned at 12.40 p.m. until 2.30 p.m.





---On resuming at 2.30 p.m.

THE CHAIRMAN: Mr. Allard, just as we adjourned Mr. Turcotte asked you a question about the first recommendation on the first page of your brief where you ask for the immediate licensing of non-government television broadcasting stations in all areas in Canada, and the question as I take it was, as a group of private operators now in the television business, what was your interest in making that request? May I take it, is that there is an intent or likelihood that your members will seek some of these other licences, or is it just a general request?

MR. ALLARD: It is really a general request, Mr. Chairman. Perhaps I could explain, and it may help Mr. Commissioner Turcotte: the Association itself does not, of course, operate any broadcasting stations. Various of our members would be interested in possibilities, and there would be various others. In the Vancouver area, for instance, we have five member stations at the moment, each one of which would be interested in the possibility of a television station in that area, and we have no concern as between any one of these people and no concern as to between any of these and any other people we don't know of who may be interested.

MR. LYND: Isn't our chief concern the fact that competitive television stations in the larger markets will develop more television business and make a better industry?

MR. ALLARD: Precisely, and better service



to the viewers and listeners.

THE CHAIRMAN: I think the two are quite different. If this was a group of people coming to say "We want to have this field opened up so we can get licences ourselves", if that exists, there is nothing particularly wrong about it, but if it exists then at least we know what the request means. On the other hand, if there is no intent as far as you can see of existing operators to take on additional stations, then it is the more general thing that you mentioned of sort of improving the volume and character of broadcasting generally -- a much vaguer thing and much harder to measure. Take it this way; is it likely that any existing operator of a television station would be seeking other licences?

MR. ALLARD: Not to the best of our present knowledge, Mr. Chairman. In fact, I would regard it as rather unlikely.

THE CHAIRMAN: So it may be, however, that certain present operators of radio stations would seek to obtain a television licence?

MR. ALLARD: Yes, sir, this is quite right.

THE CHAIRMAN: And then there is the further point that your President makes, that by opening up the business, so to speak, the whole business would improve: do you wish to expand on that?

MR. LYND: No, I think that is it.

THE CHAIRMAN: The second question arising from this morning is, I understand you to say, Mr. Allard, -- and I think you prefaced it by saying,





"If we had network privileges we could do certain things", and isn't it a fact that there is nothing presently to prevent you working up the idea and, in fact, that you have done so?

MR. ALLARD: The operation has been confined to purely regional -- usually, in fact, intra provincial exchanges. As a matter of fact, even in the limited meaning of the word "network", limited by physical linkage, there is perhaps one or two private networks existing in the province of Quebec, but not outside.

THE CHAIRMAN: There is one in New Brunswick, too, isn't there?

MR. ALLARD: Is there?

COMMISSIONER STEWART: Are you talking of radio or television?

MR. ALLARD: Radio exclusively.

THE CHAIRMAN: Oh, I am talking of television.

MR. ALLARD: Oh, I am sorry. There is no private television network at all.

THE CHAIRMAN: I may be quite wrong.

MR. LYND: That was radio, sir, and it was throughout the four provinces.

THE CHAIRMAN: Let me put it this way: take either television or radio, have you ever come to the CBC with a definite, concrete network proposal to carry certain of your originated programmes on network and had it refused?

MR. FITZGIBBONS: Are you talking about Canadian originations?





THE CHAIRMAN: The point I understand Mr. Allard was making is that it would be possible to develop good programmes if only you could tie them up in three, four, five, six or ten stations.

MR. STIRLING: Well, we can do that now.

THE CHAIRMAN: That is what I say. So, what is the point of the comments?

MR. STIRLING: You can have a show and send it around to the different stations.

THE CHAIRMAN: Well, supposing we take the form you were telling me about in the hall during one of the breaks?

MR. LYNDY: Well, this was not our network, in fact. We would like the right to get together in radio to form our own networks. It turned out we got together and got the group of stations together, set up a budget to pay all the expenses in connection with the thing, including the line charges, and then we were told, "There are no line charges". We were being given the line. Well, we would like to feel we could stand on our own feet. We are prepared to pay for the line.

THE CHAIRMAN: Offhand I cannot conceive of any reason why they don't let you pay for the line, but the point I am trying to get at is this; something was apparently being made by Mr. Allard of the suggestion that you are in some way prevented working out network arrangements, and if you could do this things would be a lot better. My question is, what is there to prevent you working out your



network arrangements right now? Have you ever worked them out and come to the CBC and had them turn it down?

MR. ALLARD: We have somewhere in our files --- and I am speaking only from memory and we will have to look them up -- letters dealing with requests for certain networking arrangements that were turned down.

THE CHAIRMAN: You will admit that obviously you can put up proposals for networks that would not be good proposals and could be turned down; if you have any control at all you will have that.

MR. ALLARD: Oh, yes.

THE CHAIRMAN: But what I am getting at is, has there been an originating incentive in the private groups for networks? Have you ever come forward with concrete plans? If you have not, I don't see what is preventing it.

MR. STIRLING: In radio you can't have a simultaneous network. If I wanted to send a seven o'clock newscast in Newfoundland from my station to a small settlement, say, Cornerbrook, which doesn't have a private station, but if it had, I can't hire a telephone line and have my newscast broadcast at seven o'clock in Cornerbrook. I would have to delay it.

COMMISSIONER STEWART: By reason of CBC regulations?

MR. STIRLING: By reason of regulations.

MR. ALLARD: It is, as a matter of fact, Regulation 14, Section 3, which says: "Except with





the consent of a representative from the Corporation, no station will broadcast any reproduced programme or speech which would have the effect of simulating a network..."

COMMISSIONER STEWART: "Except with the consent . . .": the point is, have you applied for such consent, and has it been refused?

MR. ALLARD: I remember instances of this and I will make a point of going into our files and getting the information.

MR. STIRLING: It doesn't say "except with the consent . . ." in the regulation, does it?

THE CHAIRMAN: Yes, it does.

MR. STIRLING: Well, you have to get the consent each individual time.

MR. FITZGIBBONS: Are we talking about radio or television?

COMMISSIONER STEWART: This is radio.

MR. FITZGIBBONS: Well, in television we have proposed a network for a live show, and it was received -- they accepted it.

THE CHAIRMAN: Mr. Allard puts this up, "If only we could have network privileges then something wonderful would happen". My question is, what is to prevent you working out network privileges right now?

MR. ALLARD: Provided there is no physical linkage involved I suppose we could get together -- well, even in that case we could ask permission, but aside from that we could probably get together and



make arrangements between ourselves for the production of programmes to be entertained, yes.

THE CHAIRMAN: Well, then, it is your fault and not any regulation or system's fault that you are not doing it now, if this is a great advantage.

MR. ALLARD: In the case of television it is probably due to the fact there have been sufficient other problems in the short time involved that nobody has got around to this.

COMMISSIONER STEWART: Except that Mr. Fitzgibbons says that in television he has made application and received consent.

MR. FITZGIBBONS: I should clarify that, this local live half-hour show. This particular programme was sent by means of a universal link to the network -- spread to the network. That is what I am getting at.

THE CHAIRMAN: But if the Association of Television Broadcasters were to get busy and start developing certain network arrangements that they thought would be desirable for the production of desirable and acceptable types of performance on television, there is nothing in your past experience to think that if they were suitable programmes that you could not have a certain network distribution?

MR. ALLARD: There is really nothing in the past experience that would indicate one way or the other, but this is the development, with the expansion of the art, that is quite likely to come and you can see from there what is likely to happen.

THE CHAIRMAN: My point is not to suggest





that you should have done it or to criticize for not doing it, but merely to raise the question on your presentation to us, which suggested to me that this was something you were being prevented from doing, and as far as I can see it now I don't think it is something you are being prevented from doing.

MR. ALLARD: No, Mr. Chairman, we haven't intended to leave that impression. We were putting it forward as an illustration of what could be done.

THE CHAIRMAN: You gave me the wrong impression because I certainly thought this was one of your headings of a desire of change in the present system.

MR. ALLARD: No, sir, it was sort of looking forward and put forward by way of explanation or illustration.

THE CHAIRMAN: I think while it is interesting for us to know, if the present system permits you to do what you want to do, then there is nothing we have to make a recommendation on in that sense.

MR. ALLARD: I would not think so, sir.

MR. de GRANDPRE: On this same point it seems to me, Mr. Allard, that in your supplement that you filed this morning, Exhibit 30, don't you state at some point in page 4, the top of the second paragraph, "In Canada the network organization is state owned and controlled"; and I inferred from that that you could not apply for a network or that you had been refused network facilities, and all along we get that impression.

MR. ALLARD: Well, we make a simple statement;





it is a fact that that is the status of the network organization in Canada today.

MR. de GRANDPRE: But you have not made any approach to know whether it is a static situation or whether it could be changed?

MR. LYND: May I make this suggestion; it is almost a mental block. I know in my own mind I felt there was no particular point in applying, because you could not do it. But it is my fault for thinking that.

THE CHAIRMAN: I think that is a very frank and a very good statement for you to make, because you are using the phrase that you "thought it meant", and I think it is a mental block.

MR. LYND: Certainly this has been my thinking all along-- "What is the sense of applying; you can't get permission".

MR. de GRANDPRE: This morning, just before the adjournment, somebody said that the privately owned stations were financially well off and that none had become bankrupt, or something like that -- I think it was Mr. Stirling, and he mentioned one exception on the French side, if I remember correctly. On this particular point could you tell me if for the last fifteen years any privately owned licence has been surrendered?

MR. ALLARD: We don't know. We have no knowledge of these circumstances at all, which are strictly between the individual licensee and the licensing board.

MR. de GRANDPRE: Put it this way; amongst



your members, did any one of your members drop his membership because he had surrendered his licence?

MR. ALLARD: He didn't drop his membership, nor is there any instance of surrender of licence in the sense that somebody hands his licence in and quits, but I can recall there have been changes in ownership.

MR. de GRANDPRE: That is quite different.

MR. ALLARD: Which could have been one of a dozen different reasons.

MR. de GRANDPRE: I am talking about a surrender of licence made by the owner of a channel -- not the owner, but the licensee of a channel?

MR. ALLARD: A few years ago a licence was surrendered in a place called Summerside in Prince Edward Island by the then proprietor of the station, and a new owner applied in due course for the licence and obtained it, and this is the only one that comes to my mind.

MR. de GRANDPRE: You don't know the reason why it was surrendered?

MR. ALLARD: Yes, because I know the individual, and that is the only reason I do know. He didn't want to go on losing money on the operation.

THE CHAIRMAN: But, generally speaking, those television and radio stations that have been privately licensed have been in existence for a number of years and are continuing to operate?





MR. ALLARD: A good many of them have been in existence for many years, yes.

THE CHAIRMAN: Yes.

MR. de GRANDPRE: Would you say that by and large it has been a profitable business?

MR. ALLARD: By and large, yes, sir.

THE CHAIRMAN: On that, I certainly don't want ---

MR. de GRANDPRE: I won't go into the particular finances.

THE CHAIRMAN: I don't want any particular positions, because that is one of the things which I think a Royal Commission needs to be pretty careful about, but at the same time I do think we are going to have to inquire from someone into the financial position of certainly the CBC and I think, by comparison, the private stations. Therefore, I think our financial advisers will be in touch with you, Mr. Allard, and some of your members in the hope that we may be able to get a look at this picture on the financial side.

MR. ALLARD: We are instructed by our members to be as helpful and co-operative in this as in any other respect as we possibly can.

THE CHAIRMAN: I may say that we will do our utmost to protect the confidential nature of any such information as far as identifying it with any particular station.

MR. ALLARD: We appreciate that indeed.

MR. de GRANDPRE: Before turning to the



regulatory body, I see that in your brief, Mr. Allard, you only touch two particular points; first of all, the regulatory body, and secondly the licensing of private stations. As you know, our Terms of Reference deal with more subjects than these two subjects, and one of the most important is certainly the question of financing the Corporation. Does the Association have any view as to the financing of the Corporation?

MR. ALLARD: Could I put it this way, sir, that the members of the Association have so many individual views that it was impossible to put these in any semblance of order or summary and bring them before this Commission. Consequently, the Association as such is putting forward no views whatsoever on this subject, but merely to save the Commission from a tremendous amount of unrelated material. However, the group of experienced broadcasters who happen to be those present in this hearing have filed with the Commission a few suggestions concerning alternative forms for the structure of the state broadcasting agency, believing that this may be of some assistance in looking at the financing problem.

THE CHAIRMAN: That is, I think, Exhibit 28.

MR. ALLARD: Yes, sir, the one beginning, "For reasons outlined below . . .".

THE CHAIRMAN: Yes. I read this last night and it didn't seem to me to come up with very many concrete suggestions as to how we deal with this financial problem, but I am not criticizing you for that because it is not an easy problem.





MR. ALLARD: No, sir, and we, of course, are in this position, that we have no direct access to specific information which may be useful in making an assessment, and that is why in our discussions we merely stuck to the form, because the form of an organization can affect its financial requirements and the method used for meeting those requirements.

THE CHAIRMAN: As between the four or five alternatives you suggest, these are merely listed, but have you any preferences among them or any suggestions as to which one ought to be done?

MR. ALLARD: Again, we are in the position where there are as many specific preferences as individuals putting them forward.

MR. de GRANDPRE: So, we won't touch that question any further. I see there is another question that you have not touched in your main memorandum but that you have touched in the addendum that you have filed this morning, and that is the question of the proportion of Canadian programming that it is possible to produce in Canada. Mr. Dunton, for instance, said the day before yesterday that there was no lack of creative or artistic talent in Canada, and I see that you don't share this view at page 6 of Exhibit 30. Could you express more fully your views on this?

MR. ALLARD: Well, as a matter of fact, I don't think we are in direct opposition or contradiction with the views of the Chairman of the Board of Governors. These things are relative,





but we would like to make the point that good creative talent and good performing talent that can be used on a continuing and continuous basis are not as commonly come by as, let us say, good accountants or good statisticians, and I am emphasizing the adjective because even "good" accountants as opposed to average ones are comparatively rare; but the ability to entertain over a long period of time is rather a rare ability, and I think the illustrations we give here may be helpful both in the creative field -- especially in the creative field -- and the performer is dependent upon the creator -- and the performing field. The number of outstanding names is so few that anyone reasonably familiar with show business can, by taxing his memory only slightly, give you those in an hour or so. The big names in the motion picture industry, for instance, are pretty reasonably well known to the average movie goer. There are not that many people who have these abilities.

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MR. de GRANDPRE: But taking the present conditions and the proportion of Canadian programming that the CBC produces, do you think that we have reached the maximum level that can be reached in view of the availability of Canadian talent, or do you think it could increase without deteriorating the quality of the shows?

MR. ALLARD: You have put your finger, if I may use the expression, on here, on the main problem. There is always a time when you have to answer this question: "Will we put on this programme merely because it is a Canadian programme, regardless of any other consideration, or will we put on this programme because it is good?"

MR. de GRANDPRE: That is the purpose of my question. There is a theoretical approach which says we must have 100 per cent Canadian programming, but there is a practical approach, if you put on 100 per cent Canadian programming there will be 50 per cent which is not worth putting on the air. And it is this problem I want to clarify with you in your opinion, because you have been in this field for very many years, what is the proportion of good Canadian programming you can put on the air?

MR. ALLARD: If we stick to the word good, I think we have just about reached the effective and practical limitations now. I think we ought to keep certain things in mind, whatever merits it might have. I think Mr. Ogden Nash summed it up pretty well for us: "No marks, no arts."

A nation does not begin to develop a large





field of creative and performing talent until it has, by and large, reached a certain economic plateau. Otherwise, the people of the nation spend many, many year hewing a living out of the wilderness. To put it more bluntly, when you are cutting down trees all day long and fighting of the indians all night, you haven't much time to create symphonies and poems.

When a nation reaches a certain economic plateau you have a certain leisure class, and a leisure class is traditionally interested in artistic matters. And at that point you begin to create your performers and creative talent.

Now, Canada is just beginning to enter into that stage, and while it is true that our creative and performing talent from this point on will rapidly expand, the supply of talent is going to be a little less than the demand for a few years. There are going to be fewer of these people than all of us would like to see, for the near future anyways.

MR. de GRANPRE: Can you give us an approximation in time, as the Chairman said, we are not concerned merely with today's problems, but we have to make some projection in the future.

MR. ALLARD: All these things come along a little faster in these days. How long had Great Britain be in existence before they produced people of the calibre of Chaucer and Shakespeare? Giving Canadians that mass of material that western European people didn't have, I think we are running close to the line for the next fifty or 75 years.



MR. de GRANDPRE: At this level of 50 per cent Canadian proportion out of a full production?

MR. ALLARD: I am confident that is the most we can produce if we want to keep the words Canadian and good synonymous for that time.

THE CHAIRMAN: The important part of your immediate testimony seems to me to be, you feel the present level is about all we can maintain, at the moment anyway?

MR. ALLARD: Yes.

MR. de GRANDPRE: What will it be due to, a more acute shortage of creative talent or performing talent?

MR. ALLARD: The biggest shortage is always in your creative deficiency. The performing talent is always enough, but the type of creative talent that can create a symphony, a play, a book or a poem is not always as commonly found.

THE CHAIRMAN: May I ask a question on that same page there, this talent item, further up on page 5, of this last exhibit, you say:

"the question of whether the collection and dissemination of news, comment and opinion is an appropriate and desirable field for government activity."

Later on you say it brings up the question of whether it should be engaged in the collection and dissemination of news, comment and opinion. As your association is raising the question there, have you



any views on it? Do you think a government agency should not be engaged in the dissemination of news?

MR. ALLARD: Organized as an association, we have both views. As a matter of fact, there were more than two views. There are some among our members who feel that the government, or a chosen instrument of government, may safely engage in the process of informing the people how the government is conducting their affairs. And there is almost as large a group that feels it is rather dangerous for a government, directly or indirectly, to be in the business of disseminating news, comment and opinion.

THE CHAIRMAN: Could I put it the other way, if you were in the business of creating a national broadcasting system, like we agreed, I think, this morning, that we were working in that direction, could you have such a national broadcasting system available unless you have news, comment and opinion?

MR. ALLARD: I think, Mr. Chairman, you could put a case for a national system which didn't engage particularly in news or opinion. Here I am stating my personal view, which is, that comment ought to be divorced from it here, because in comment you get into the type of programme that is highly appropriate to such an organization; I am thinking now of exchanging comments between two professors, or two other specialists in a certain field. That is a subject that might be of great interest to the public, you have agricultural experts, for instance. I define that as comment, and I can see a lot of value there.





COMMISSIONER STEWART: Getting back to the question of straight news, isn't it a fact there is a news gathering agency outside of the government system that feeds the news to the various stations?

MR. ALLARD: Yes, sir.

COMMISSIONER STEWART: So, the news given over government or non-government stations is really fed to you by an outside agency?

MR. ALLARD: In part.

COMMISSIONER STEWART: Who?

MR. ALLARD: In part.

THE CHAIRMAN: I may say, a comment I have had from some experts or students on this problem of broadcasting, not in Canada, is that the news content, the news element is absolutely essential in any broadcasting system, and even go farther and say you cannot stop just by giving the news, but must carry it further into comment and opinion. That is the essential part of any broadcasting system.

MR. STIRLING: None of the present stations, sir, have been willing to buy news other than the one that exists. Eight of us have a cooperative news system in the CBC and contribute to it. The others have not seen fit to contribute to it. I cannot speak for everyone, but we feel in Newfoundland that nothing contributes more to the national system from coast to coast than that newscast.

COMMISSIONER STEWART: That is straight news, not comment?

MR. STERLING: Straight news broadcast.



MR. de GRANDPRE: May I refer back to my question, the question of programming, Mr. Chairman?

THE CHAIRMAN: Yes, please do.

MR. de GRANDPRE: Just one question. Taking your last answers into consideration, doesn't it naturally follow that if we have more than one producer using Canadian talent the field will be more quickly depleted or different sources of production will make available less Canadian programming per day or year?

MR. ALLARD: No, sir, in point of fact, and in practice, as I pointed out, it works the other way. Producers of programmes are not engaged solely in the business of hiring talent presently in being, they are also in the business of looking for likely possibilities and assessing it as good, top calibre. The more people you have looking for the talent the more you are likely to find.

MR. de GRANDPRE: Yes, but there must be a limit to that search for talent?

MR. ALLARD: Yes, sir, there is a limit to everything, including this.

MR. de GRANDPRE: What is your opinion as to the future of radio due to the advent of television?

MR. ALLARD: I think there is very little we would care to add to the remarks made on this point by the Chairman of the Board of Governors yesterday. I am prepared to go as far as to say I endorse his views entirely.

THE CHAIRMAN: You prescribe to the idea that radio is a definite business apart from television?





MR. ALLARD: Yes.

MR. de GRANDPRE: It has also been suggested that the National Film Board should work in close cooperation with the CBC. Along this line of thinking have you in the past used the facilities of the National Film Board, or were the facilities of the National Film Board offered to you for T.B. programmes?

MR. STIRLING: Yes.

MR. de GRANDPRE: Do you work closely in conjunction with them, or would you like to elaborate this answer?

MR. STIRLING: Every station operates differently, and some do more than others. We have all been offered the facilities.

MR. ALLARD: If we buy the programmes, there is no facilities offered by the Film Board to assist the private station, we all buy the film from the Board.

MR. de GRANDPRE: You mean rent the film to show it on your own private T.V. station?

MR. ALLARD: Yes.

MR. de GRANDPRE: Now, coming back to the regulatory body and the licensing body we have been talking about before. I take it that you don't want to create a body just for the sake of creating a body, there must be some reason for creating another body?

MR. ALLARD: Yes, sir.

MR. de GRANDPRE: Can you tell us why another body would be necessary under Canadian conditions?

MR. ALLARD: Well, sir, we can enlarge upon the reasons for quite a while. They are set forward in



considerable detail in our brief. They are briefly, we feel that an operating body should not be a regulatory body, and a regulatory body should not operate, but their functions should be separate.

THE CHAIRMAN: Just read that again, a regulatory body---

MR. ALLARD: Should not have operating powers, and an operating body should not have regulatory powers, but the two functions should always be separate.

THE CHAIRMAN: Before you leave that, you just feel this?

MR. ALLARD: We set forward reasons, Mr. Chairman, we can give them now or later.

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MR. de GRANDPRE: I thought he would give the general outline and then come back to specific points. Do you have any other reasons?

MR. ALLARD: The second reason is again for reasons set forth in our brief on which we can enlarge at an appropriate time. We do not believe an operator should have power to regulate other elements of the community with which it competes. Thirdly, we do not believe that the executive, legislative and judicial blocks should be combined in any one body. I think that sums up, if you like, the major framework.

MR. de GRANDPRE: the first reason you have given us is that an operating body should not have regulating powers, is that right?

MR. ALLARD: Yes, sir. Now, quite briefly, and we will go into this a little more, our belief is this, an operating body is one which desires or certainly ought to desire that its product or service will have maximum use by the community. In the case in which we are dealing, this is a broadcasting service, anything that this body does to gain maximum use of its product by way of a good product or promotion, merchandising and the like, these things are all desirable and ought to be encouraged. If, however, an operating body has regulatory powers which will enable it to obtain a higher degree of use for its product through the regulatory power than it would normally obtain through legitimate channels, then we feel that is





against the public interest. The power of regulation in our view ought to be exercised by a completely independent body which represents only the public interest and no operating interest whatever.

THE CHAIRMAN: Does it not depend on what you are operating? Supposing you are starting out to operate a national broadcasting system?

MR. ALLARD: Yes, sir.

THE CHAIRMAN: Now, surely that essentially requires some regulatory powers. In the first place, they have to regulate their own operations, they have to regulate their own activities, they have to regulate their own employees. What I am trying to get at is, is this first argument of yours that an operating body should not have regulatory powers, is that distinct from the second argument that an operating body should not have power to regulate those in direct competition with it?

MR. ALLARD: The second is ancillary to and important to the first one, an operating body ought not to have regulatory powers even over itself, that there ought to be a situation similar to that, we are not asking as far as we know for a new situation, we are asking for the people of broadcasting the same as exists everywhere else as far as we can find out. We will come to that later.

THE CHAIRMAN: I am taking on the first point that an operating body should not have regulatory powers. Now, apart from other regulations,



any corporation that is doing an operation has to do some regulating too.

MR. ALLARD: Are you referring to any corporation or merely to publicly owned corporations?

THE CHAIRMAN: Any of them.

MR. ALLARD: Oh, well, Mr. Chairman, we would not disagree with that but we are not talking about internal regulatory power, we are ---

COMMISSIONER STEWART: I think that is essential.

THE CHAIRMAN: I am finding it difficult to get into my mind, I know this is the kind of phrase that sounds very good, to say that an operating body should not have regulatory powers, that gets a lot of support quickly, but when you start to look at it you cannot help asking why ought it not?

MR. ALLARD: We should have added the phrase "over others". We are prepared to admit that the C.N.R. must have certain internal regulatory powers, as you say, all corporations must have this power. Our only point is that the regulatory power which deals in an element of compulsion, they ought to be in that case an impartial board. In the case of railways, to take an example, and it is one of many which does exist, the Canadian National Railways has not regulatory powers in connection with the Canadian Pacific Railway or any other railways. Those are exercised by the Board of Transport Commissioners which has that degree and type of regulatory power over the Canadian National





Railways. Just to take this particular analogy, as far as the Canadian National Railways did have the regulatory power instead of the Board of Transport Commissioners it is not unlikely the C.N.R. would close down certain of its non-profitable branch lines which the Board of Transport Commissioners has refused them permission to do because it felt it was not in the public interest. Now, we all have a perfectly natural tendency to confuse our interest with the public interest and if the C.N.R. were the regulatory body this line would have ceased to exist, but the Board of Transport Commissioners acted in the public interest, not in the interest of that particular railway. That is essentially the meaning of our first specific application of this reason.

THE CHAIRMAN: It is really a very odd thing because here you have a group of private enterprisers debating for a system similar to the Board of Transport Commissioners, and if I hear aright, what the private enterprisers are contending, they want to get away from that system.

MR. ALLARD: I have not studied their complaints too closely, but in one or two aspects of it -- but even supposing there are more than one or two, is not this to argue that the public interest is that which ought to be regarded as paramount and not the interest of other broadcasters or railway operators?

THE CHAIRMAN: I agree with you completely but let us find out what the public interest is.

MR. ALLARD: Yes, sir, and we are suggesting



that the public interest can more accurately and confidently be assessed by a body which either subconsciously or unconsciously is not trying to confuse its own interest with the public interest.

THE CHAIRMAN: Now, let me ask you a question on that because of practical as well as theoretical importance. You are asking for the creation of another body, another board, you and a lot of other people engaged in private business in this country are very ready to rule that there should be a reduction in government extravagances and expenditures, another board is going to cost money, we know what the cost of this Commission is and it is not low to investigate. You mention the restrictive trade practices commission; that cost something in the order of \$80,000 to \$100,000 a year to operate that one commission. Now, I think before you start evolving powers you ought to be sure the board you are going to create is going to be worth the public money spent that goes into it. What I am trying to find out is, if you had your board tomorrow with this separation of functions that exist, look at the picture, you would have another board which is going to be supervising and regulating the national broadcasting system, and part of that system would be CBC. That board would have to have regard at all times for the position of the requirements of the CBC, it would be staffed by men, members of the board, who would not be substantially different in their origins or backgrounds from the kind of men you have on the Board of Governors. The Board





that you envisage would have to consider the circumstances of the CBC and its affairs, and in the interest of a national broadcasting system in six months what is the difference except the added cost?

MR. ALLARD: Well, you brought up several points and I shall try to deal with these one by one and if I miss one perhaps you would be kind enough to remind me. We visualize this board being composed of a slightly different background of personnel; we feel that the chairman of this board might be a man who holds or who has held high judicial office, to begin with, and we visualize the deputy chairman as being a man with an engineering background but not connected with an operating body. Now, the second question you brought up was that of cost, and there you have got three factors immediately, the first of these is the fact that the regulations division of the CBC must be costing a certain amount of money per year. We have no idea what that sum is, whether it is \$10 or \$10,000 or \$100,000, but it must be something. Now, to the extent that it exists, the cost of this separate board is reduced by the transfer, the secretariat of this board is already in being in the form that we visualize it in the communication division of the Department of Transport which could be very properly applied for this purpose. The privately owned stations are giving back a transmitter fee which is a special tax paid over and above all normal taxes paid by other business, which, for the year ending March 31, 1951, amounted to \$293,500.





Taking everything into consideration it is entirely likely this transmitter fee or even a substantial part of it would be sufficient to pay for this board. Now, those are the practical matters. There is also the philosophic point and it may not be unimportant that if a principle is right it is right in itself. I dare say that the House of Commons costs a pretty fair amount of money to support in a year but nobody in this room would argue that that is a reason for not having a deliberating body of this type on a point of principle.

THE CHAIRMAN: Would you not subscribe to the idea that it is pretty hard to tell whether a principle is right or a set of words? Do you not think unless you have some practical results out of it, some practical difference from what you have at the moment, you ought to look twice at it because it will cost quite a bit of money, you do not add boards in this world without increasing costs.

MR. ALLARD: Yes. Well, it will cost money but I think if such a board could be operated the transmitter fee already being paid by the station, or a substantial part of it, could pay for the board.

THE CHAIRMAN: They are paying that now; that is going into government funds without a board.

MR. ALLARD: In point of fact it is, I think, turned over to the CBC, but it would certainly serve as an offset.

THE CHAIRMAN: But what would be the real difference with this new board? Now, you can argue,



as you suggested a moment ago, that perhaps the Board of Governors ought to be differently constituted, that they ought to have different skills or experience on that board. That is a different thing, but what the difference be in six months' time between the present situation and the creation of this new board charged with dealing with the affairs of the CBC?

MR. ALLARD: May I correct one point, I had not intended to leave the impression I was suggesting a change in the Board of Governors of the CBC; I was suggesting the type of personnel that might staff this regulatory board. Now, as we see it, the very substantial difference would be this; in the first place, the decisions made by this board would be decisions accepted by the public to a very large extent, it would get broadcasting and particularly the public part of broadcasting out of the realm of controversy in which it now is. It is by no means a mild controversy. It is something I am quite willing to leave to the examination of the Commission as it moves about the country and as it reads and listens to news reports, statements of opinion from broadcasting stations and in newspapers. It is, I think, that the national system particularly be one which is outside of any realm of controversy other than the inevitable and not so serious controversy of people as to whether Beethoven is better than Berlin or whether Jackie Gleason is better than Jackie Rae. That is not important, but there ought to be a position where it can get the full public confidence of the people







of Canada. If decisions on licensing regulations and the like are made by an impartial board nobody can have any reason for lacking confidence and all of the variety of reasons for the present controversy will disappear. It would seem to me in fact that the chief weight of argument in favour of an independent regulatory board is in the hands of the CBC rather than ourselves since it would remove the continuing source of conflict and controversy.

THE CHAIRMAN: Who are the parties to that controversy?

MR. ALLARD: The parties as a matter of fact are the public at large, and the Commission will find this expressed in a good many future articles and editorials and representations by non-broadcasting interests that a significant element of the public feels there is something basically unfair, something wrong, something to be a little fearful of in a situation where the executive, legislative and judicial bodies are combined and a working board is forced into the position where it is making recommendations on situations which concern themselves as an operating body. Some of these decisions may well be right but I suggest that if I am sitting in as a judge in a case where I am for the plaintiff or defendant that no matter if I judge with the wisdom of Solomon there is likely to be a certain lack of confidence in my decisions.

THE CHAIRMAN: Give me one case where the CBC has sat in as a plaintiff in a decision in which



it was also a judge?

MR. ALLARD: It is in many cases in that position. I know a very specific example, the application from St. Johns, Newfoundland, for a television licence by a gentleman who is here present, and the Board of Governors sat, and, as usual, made the recommendation required of it, the recommendation to the appropriate licensing authority was that, one, the licence ought to go to the CBC and that, two, if the licence authority could not see its way clear to do this were prepared to see it go to CJON in St. Johns. The judge apparently was saying that the ideal way to settle the case was in favour of himself.

THE CHAIRMAN: But the odd part of that case is the fact that the judgment went against the plaintiff.

MR. ALLARD: In this particular case it did.

THE CHAIRMAN: There is not much danger in that situation, is there?

MR. ALLARD: If this were the thing that invariably happened.

THE CHAIRMAN: Well, give me another case.

MR. ALLARD: In virtually every case that comes before the Board of Governors the interests of the Corporation, the operating Corporation distinct from the regulating Corporation, are involved.

THE CHAIRMAN: Does not your example prove that the decision is not in fact made by the CBC; the decision is made by the Government acting





through the Department of Transport and in this case they asked for a recommendation and got a recommendation from the CBC which was not in fact followed?

MR. ALLARD: I think we made quite a point of the fact that this is the only case we know of where the recommendation of the Board was reversed. If there were other cases we do not know of them.

THE CHAIRMAN: Could you give me any case in which the recommendation of the Board in opposition to a private interest was decided in favour of the CBC?

MR. STIRLING: This is the only case I know of. We were told we could make an application for an area because it was the policy of the Government to keep that area open, there were six centres that had been picked by the Government and the CBC would construct outlets and those centres were picked as closed centres for CBC stations. We get a letter from the Department of Transport saying that it is including St. Johns as open for someone to make an application. We hired an engineer and others and bring them down to Newfoundland and we filed the application and we came to Ottawa and we have the expense and what have you involved of coming up here, which is a calculated risk for anybody who is fighting for a licence. So we go to Ottawa, and we have the engineers, we thought we were getting it. We were told there was no one in the area objecting, no other applications. Sometimes there are two local people who apply for licences and they argue against one another. However, we went back





and sat around for a few months and the local CBS people in Newfoundland wanted the licence, human nature being what it was, and quite a bit of argument and controversy started on this and that, and before we knew it we were sucked into a position in this controversy and the word got around that if it was to be a private station all that would be shown was Western movies. The newspapers are inclined to want in that area a government station because private stations go out after advertising dollars, but a government station will not, so, to say the least, they were very unfriendly. So here we were in this controversial position created because we had applied for a private licence, we stirred up quite a situation in our own capital and we were in the middle of it, and there were people on both sides, people who in the meantime had consolidated their views. We did not apply for it, we believed it was a private opening or we would not have asked for it, and the Board recommended against us, but it had created such a lot of public opinion that we finally got the licence but at quite a high cost to us because after a while our engineers had left us and our General Manager had been going back and forth for two years.

THE CHAIRMAN: But would you have had precisely the same sort of thing happen with a separate independent regulatory board?

MR. ALLARD: No, as a matter of fact, that would not have existed nor would the matter



have become as Mr. Stirling describes it. It would be interesting to know why the Department did reverse the CBC in this particular instance.

THE CHAIRMAN: Well, because they decided, they only asked the CBC for a recommendation and then the Government reaches a decision on this matter of licensing.

MR. ALLARD: Yes, and the fact of the matter is, in Government particularly, a recommendation brought in by a body originating the inquiry is something that is not likely to be reversed or even too seriously looked at.

THE CHAIRMAN: But it was in the one case you have given me?

MR. ALLARD: In the one case over many, many years. There may be other cases, we simply do not know what the real reason was for certain actions. To illustrate, suppose I were to apply today for a licence to operate in the city of Winnipeg where there is one CBC radio station, one CBC television station and three or four privately owned radio stations. The application would go to the Board and they would recommend there was a reason given, it may be for a variety of reasons, it would probably read to the effect that it was considered there was no room for another station in this particular area. Now, that would have a lot more validity if an organization which did not own a station of its own in that city came to the same conclusion, which a non-operating body might easily do, we do not know.





THE CHAIRMAN: What is the difference in a recommendation coming from the CBC to the Government to decide these relatively infrequent issues of licensing and a recommendation coming from the CBC, as it would have to do, a continuation of recommendations to this new regulatory board who would in turn go on to the Government?

MR. STIRLING: In the case of Newfoundland the recommendation had been laid down, the policy had been created, there were six markets in Canada where you could have a CBC station, that was the regulation, that was the policy in 1952 that was laid down. Now, we have built a station at no cost to the taxpayer. What they wanted to do was to build a station themselves at a cost of \$1 million or whatever it amounts to, and that would come to the taxpayer and I was a taxpayer and had been told what the issue was, and my application was rejected. If an independent regulatory board had heard my complaint it was my belief it should have been accepted, and there was no third party in the fight.

THE CHAIRMAN: Some how or other the result worked out on a businesslike basis?

MR. STIRLING: Fortunately.

MR. ALLARD: I think in the circumstances you should visualize what would happen is that the application would be put forward to an independent board if the CBC had a feeling on this matter, as it may or may not, it would put forward its case and then an impartial board would make a recommendation.



THE CHAIRMAN: I think I have your point. I apologize for having gone so far, I am only trying to get at the root and the basis of your contention. If you have any views on it, I am asking you once more, but, taking the whole picture as you have given it so far, I would say that the existing degree of control that you have is relatively slight. There are many more questions that Mr. de Grandpre and others may want to ask. I believe you argue that the CBC has been flooded with conflicting pressures of its other activities. I think you might just give some thought to the possibility that if you did have an independent tribunal adequately staffed and set up to give its mind to the question of control, you might have found yourself in a position where you really would have some controlling restrictions.

MR. ALLARD: If the restriction is in the public interest and is really made necessary by the public interest then I would take the position that it ought to be there and ought to be enforced, and if it is really not in the public interest then we suggest that most tribunals today are not likely to put it in in the first place. In any event, we have always suggested in connection with the separate regulatory board that there ought to be a right of appeal which we often think has a salutary effect on tribunals, and we deal with many of them.

THE CHAIRMAN: Right of appeal to where?

MR. ALLARD: Either to the Exchequer Court or the Supreme Court of Canada, we would not





particularly care which. It could be a question of law, if there were appeals on the question of fact and jurisdiction --

THE CHAIRMAN: A question of granting or not granting a licence, what question of law would arise?

MR. ALLARD: The questions of law that might arise would be as to whether or not the Board acted within or without its power.

THE CHAIRMAN: I think we will adjourn now for ten minutes.

---Intermission.





THE CHAIRMAN: Mr. Allard, I have given a firm undertaking to Mr. de Grandpre that I am going to be quiet.

MR. de GRANDPRE: Mr. Allard, coming back to your first point, you have indicated that one of the reasons should be that an operating body should not have regulatory powers over others. I think you added the word "others" in the course of the discussion?

MR. ALLARD: Yes, sir.

MR. de GRANDPRE: Under the framework of the Canadian Broadcasting Act I understand that the CBC has to provide national coverage; that is one of the purposes indicated in the Act under Section 8:

"The Corporation shall carry on a national broadcasting service within Canada and for that purpose . . .",  
may do this and that; is that correct?

MR. ALLARD: Yes.

MR. de GRANDPRE: And as the system is now operating I understand that CBC has stations of its own, and in order to reach the majority or the largest proportion of Canadians, it has to operate through privately owned stations; that is correct?

MR. ALLARD: In certain instances, yes, sir.

MR. de GRANDPRE: Therefore doesn't it seem that by regulating the private stations through which CBC is giving national coverage, CBC is not regulating others but is regulating its own system?

MR. ALLARD: That could, I suppose, be one



interpretation. I think the Act says that the Corporation is instructed or empowered to offer "a" national system.

MR. de GRANDPRE: "A national broadcasting service".

MR. ALLARD: Yes, "a" national broadcasting service. This does not even imply "the" national broadcasting service, I suppose, but I make no point of that. The fact is that a national broadcasting service can be operated without either (a) the privately owned stations, and (b) regulatory powers. Even assuming that the Corporation cannot operate without (a), surely it does not destroy the purpose, the function and the being of the Corporation if there is an impartial board of arbitration that would deal with disputes taking place between the Corporation and privately owned stations whether affiliated or otherwise.

MR. de GRANDPRE: Yes, but that is not regulating others. The point I am trying to make is this: coming back to the analogy which you gave us between the C.P.R. and C.N.R., let us suppose that the C.N.R. would have been given the duty or the power or the function of establishing a national service, and let us suppose that in order to do this the C.N.R. would have had 100 miles of tracks of its own, and then would have had another mile of tracks of the C.P.R., and then take over with 100 miles of tracks of the C.P.R., and break it down along the line until you reach Vancouver: the





C.N.R. would not be regulating the C.P.R. when it would be making regulations to give a national service. It would be regulating itself in order to give a national system.

MR. ALLARD: In your example you are assuming that part of this trackage is actually owned by the C.P.R.?

MR. de GRANDPRE: Yes.

MR. ALLARD: Well, in this particular case it would be entirely possible for the C.P.R. to have its own internal operating regulations and for there to be a Board of Transport Commissioners to lay down safety and signal rules and so on for both systems without interfering with that in any way. In this case it is not necessarily a parallel. The Canadian Broadcasting Corporation in radio can reach what can fairly be described as a national audience and provide a national service without having serious gaps in the middle of this that must be covered by privately owned stations many of whom in the case of radio are not in fact affiliated with the Corporation's network, although the Corporation is empowered to require that any station take such programmes as the Corporation may designate whether affiliated or not. The parallel would be if the C.N.R. had the power to compel the C.P.R. to carry such C.N.R. passengers and freight as the C.N.R. might designate whether the trackage is connected or unconnected.

MR. de GRANDPRE: But isn't it in order



to give national service that they have to tell the privately owned stations, "You have to do this and you have to do that"?

MR. ALLARD: I don't think so because these conditions of service, if you like, could be, and in large part are, incorporated in the term of grant of licence which comes from the Government of Canada, and if it were felt that what is incorporated in the conditions of licence was not sufficient for that purpose, they could be added by the Government, presumably on the recommendation of a non-operating body which would be in a better position to assess impartially and judicially the public interest in the matter.

MR. de GRANDPRE: Let us be practical. Let us suppose for a given occasion, CBC requires a very wide distribution; how could this wide distribution, in order to come within the four corners of the Act, be given if CBC does not have the powers to compel the private stations to supply the service at any given moment?

MR. ALLARD: This can be done in two ways. First of all, it could be incorporated, if it is not already there, in the conditions of the licence, that a privately owned station would be required to carry a programme of wide and immediate public interest -- something of that type. Secondly, if the programme is of that degree of wide public interest you have no problem of compulsion at all. The private stations would be eager to carry it, and, indeed,





one of our complaints filed with the Commission is that on certain occasions it is rather difficult for non-affiliated stations to get programmes of this type from the networks.

MR. de GRANDPRE: Yes, but do you agree with this statement, that without the privately owned stations the service given by the CBC would not cover as large a proportion of the Canadian population as it does now?

MR. ALLARD: It would cover a proportion that certainly can fairly be described as fitting the description of a national service.

THE CHAIRMAN: Not in television?

MR. ALLARD: No, sir, not in television.

MR. STIRLING: The Dominion network operates with one station, and I haven't heard any complaints that the service was not good. Why do they need any stations?

THE CHAIRMAN: That is another question.

MR. de GRANDPRE: Now the second reason that you give is that an operating body should not regulate its competitors. In television, for instance, how does the CBC compete with the private stations?

MR. ALLARD: In television, sir, the degree or the extent of competition is obviously less than it is in radio under the present policy. We are hopeful that the present policy will not continue forever, but there will come a day when Canadians have a choice of more than one programme in any one area from Canadian sources, and then it will become more competitive in the sense that radio is now.





MR. de GRANDPRE: How does it compete in radio now?

MR. ALLARD: In radio broadcasting the Corporation and the privately owned stations are in direct competition for audiences, and for business, to begin with, and at times they have been in competition for the use of certain frequencies or conditions attached to the use of certain frequencies, and in the only two cases I know and can recall at the moment, the privately owned stations concerned lost the argument, on the recommendation of the CBC, which was interested in the matter, and not in the opinion of an outside arbiter.

MR. de GRANDPRE: Let us take the audience, for instance; "competes for audience" in what sense?

MR. ALLARD: It competes for audience because it is quite naturally and properly trying to get the widest audience for each of its productions. The privately owned stations are trying to do the same thing. Now, this competition is a curious interlocking thing. Suppose I tried to illustrate it this way: if you and I are each of us operating a separate broadcasting station in the same area, each of us will try by every means in our power to get the maximum number of listeners at all times during the day, and one of us might actually succeed. This is an element of competition of which we make no complaint whatsoever, and deem it, even, essential, but suppose I am in that situation possessed of regulatory power -- I don't suggest this has



happened necessarily -- but having the power to compel you to accept certain of my programmes. I can accomplish one of two things. I can increase the audience for my programmes through a regulatory device rather than through the device of improving the programmes and making them more attractive to the listener; or, if I have found I am not capable of producing programmes which attract listeners on a wide scale, in feeding these to you I have begun to reduce your potential maximum audience.

MR. de GRANDPRE: But does that, in fact, take place?

MR. ALLARD: There are wide views, of course, about programmes, but the fact remains that many privately owned stations affiliated to the Corporation's network, and more importantly the fact remains that the Corporation has the power to require any station to take any programmes it designates.

MR. de GRANDPRE: But it does that because it has the public interest in mind. It has to act according to the public interest. What other interest has the CBC but the public interest?

MR. ALLARD: It is surely the whole basic theory of the separation of functions in a democracy that the public interest can be determined only by third party judgment and not by any individual or body which has an interest in the decision, and which can win or lose by the decision. The Corporation is not third party.

MR. de GRANDPRE: But even with a regulatory





board what would be the ultimate difference?

MR. ALLARD: A regulatory board is consciously thinking in terms of deciding the issues before it to the best of its ability and in terms of the public interest. It has nothing to win or lose.

MR. de GRANDPRE: What has the CBC to win or lose?

MR. ALLARD: In a decision of this nature it can obviously win or lose to the extent it thus obtains additional distribution for its product, a not undesirable thing if done by competitive means.

MR. de GRANDPRE: I don't see your point. You say that a regulatory body could achieve something which is not achieved under present conditions?

MR. ALLARD: Yes, sir, impartiality, and lack of specific interest in the outcome of its decisions.

MR. de GRANDPRE: How could that happen?

MR. ALLARD: Because the independent regulatory body would not think in terms of one side or the other losing or winning. It is not one of the sides involved. It is settling something on the pure basis of what it conceives to be, after examination and study, in the public interest. Let us take the case I gave before: suppose my station has power to compel you to carry certain programmes I honestly believe to be in the public interest and you don't. I suggest that you would feel a lot happier if a third party, like a judge on the bench or an impartial board, agreed with one of us.

THE CHAIRMAN: Would you rather have a third



party who knew something about the business or a third party who didn't?

MR. ALLARD: Isn't part of the essence of third party judgment that the judge really is not required to know too much about the business? I don't suppose that most of our judges or magistrates are really experts on all matters brought before them.

THE CHAIRMAN: But this is not a judicial function.

MR. ALLARD: Purely semi-judicial, and in the case of tribunals a wide experience may be necessary, but it can also be a handicap because they start off thinking with preconceived ideas.

THE CHAIRMAN: I am not sure this is on the point, but you are approaching this -- and this is theoretical of course -- you are approaching it from the standpoint of something that is judicial or even administrative in a semi-judicial sense. Isn't this an operating problem? Isn't this the problem of how we are going to operate a national system?

MR. ALLARD: What we are suggesting, sir, is that the regulatory functions ought to be discharged by an administrative tribunal in the sense in which those words are generally used.

THE CHAIRMAN: You say "regulatory function", and this is the way the language breaks down. "Regulatory function" is also to some extent a method of operation -- the question of whether you do or do not carry a programme is, in part, a matter of operation.





If you are forced to do it, it is a matter of regulation.

MR. ALLARD: Yes.

THE CHAIRMAN: But the question is that you have got to carry the programme, and I wonder if you are right in approaching this from the standpoint of a judicial or administrative tribunal point of view when the essential thing you are talking about is operation?

MR. ALLARD: Well, this is the one facet we just happened to have touched on at the moment. Such a body would also deal with applications for new licences, application for changes of power, and applications for changes of transmitter site. It would also deal with matters of application for casual or continuous networks.

THE CHAIRMAN: Would it deal with changes in your corporate stock structure as a private operator?

MR. ALLARD: In the section in the Radio Act, yes, sir, I think the board ought to have those powers.

THE CHAIRMAN: That is not done now.

MR. ALLARD: It is done now by the Board of Governors of the Corporation.

THE CHAIRMAN: Governs your stock structure?

MR. STIRLING: Only the exchange of stock, isn't it?

THE CHAIRMAN: No, no. Can't you issue new stock in your private broadcasting corporations?

MR. ALLARD: As I understand it, it refers to that, but common stock has to have the recommendation of the Board.





THE CHAIRMAN: The point is, I think if you were to have the kind of regulation you are asking for such as the Board of Transport Commissioners exercise, you are asking for much more regulation than presently there is today, and I am just a little concerned about a group of private enterprise asking for more control.

MR. ALLARD: We are not actually asking for more control. What we are suggesting is that that degree of control which now exists, largely in the Broadcasting Act and partly in the Radio Act, be shifted to an impartial body.

THE CHAIRMAN: I think you are asking for something that will give you more control, and if you are not careful that is what will happen.

MR. ALLARD: Perhaps one has to take calculated risks. You may well be right, but we have been thinking of this matter for a number of years, and it is our feeling that is not one of the results which would flow from this.

THE CHAIRMAN: Well, you are much more close to it than I am.

MR. ALLARD: There are a couple of other instances which I referred to a moment ago. I should preface this remark by saying that we do not take the position that there is any vested right in a broadcasting channel. We think that is an academic issue, but we do believe the occupancy of it should not be capriciously disturbed. A couple of the instances we have in mind are the occupancy of channel 860 in Toronto now occupied by CBL, the Corporation station; 860 was up until 1947 occupied



by the private station CFRB, and the station had been operating on it for approximately fifteen years. As I say, we don't take it as a vested interest, but there is certain goodwill attached to it in the same way as it attaches to your telephone number, and this channel was shifted from the privately owned station to the Corporation station. It is our feeling that these shifts ought to take place as a result of a recommendation of an impartial body and not one of the two contestants. There was a similar instance in Calgary in connection with channel 1010, which CFCM there had occupied for about fifteen years, and which in 1943 was shifted to a Corporation station known as CBX.

(Page 718 follows) .





Now, it may have been perfectly practicable that these channels should have been shifted, but, on the other hand, there was not the slightest suggestion that either station had been misusing the channels or not giving good service. We think the public would have had a lot more confidence in this shift had it been done by an entirely independent body.

MR. de GRANDPRE: But the reasons at the root of the shift, were they within the public interest?

MR. ALLARD: Would it not have been easier to answer yes or no if the public interest had been defined by a body which did not actually occupy the channels after the shift?

THE CHAIRMAN: But actually this decision on a change in channel is governed by Section 22 of the Canadian Broadcasting Act and under Section 22 it is the Minister of Transport who deals with this upon recommendation from the Corporation. It says that he shall before dealing with it refer such application to the Corporation, the Corporation has public hearings and the Corporation makes recommendation to the Minister of Transport.

MR. ALLARD: Yes, sir.

THE CHAIRMAN: Isn't this exactly similar to the Newfoundland situation you discussed before and on the balance of the story sometimes the recommendations of the CBC are accepted, sometimes the position of the private station is accepted but it is the Minister of Transport who does it.



MR. ALLARD: They are not on all fours.

The Government application was an application de nova, it was a new station involved that had not heretofore existed. In the two cases to which I have just referred the privately owned stations in Toronto and Calgary had been occupying those channels for fifteen or sixteen years and had admittedly been giving good service. Now, it is true that the Minister of Transport signed the final document but he signed it on the recommendation of the CBC which then occupied the channels on recommendation of themselves.

THE CHAIRMAN: Both those are governed by the same sections of the Act.

MR. ALLARD: Yes, sir. Now, I suggest we are putting forward no new principle; I feel we are merely advocating that the principles established and considered in almost every other field be applied to broadcasting. They exist in every other field in Canada and elsewhere in the democratic world.

MR. de GRANDPRE: Is there an identical situation in Canada?

MR. ALLARD: We regard several situations as being identical, notably that in the restrictive trade practices branch to which the Chairman referred a while ago. You will notice that the recommendations made by the McQuarrie Commission, and it was adopted by Parliament with the approval of all parties, are substantially the same recommendations that we are now making for the very same reasons.

MR. de GRANDPRE: But they did not apply to





a national service; I am talking about a national service performed by a publicly owned body through private enterprise, is there a similar situation in Canada?

MR. ALLARD: There was definitely a similar situation in Australia in relation to broadcasting.

MR. de GRANDPRE: Are they not competitors in the very strong sense of the word in that there are two parallel networks in Australia?

MR. ALLARD: The privately owned stations have been permitted to operate in Australia but it is not the same in Canada, because the government owned network in Australia does not take commercial business.

MR. de GRANDPRE: I understood from my reading of the Australian broadcasting system that the national service given by the Australian broadcasting system is a whole by itself and does not rely on private stations to give national coverage. You will correct me if I am wrong but that is my understanding of the situation in Australia. Am I right?

MR. ALLARD: That is our understanding too, there are two parallel stations.

MR. de GRANDPRE: That is it, maybe I am wrong, but I would like to find a situation either in Canada or elsewhere, either in broadcasting fields or other fields where you have the exact identical set-up a national system provided by a publicly owned body operating by bits and pieces through private enterprise.

MR. ALLARD: Well, of course, it would be





difficult to find an exact situation because practically nothing is exact but we regard it as being very close as to being almost completely parallel the case of the Canadian National Railways and the Canadian Pacific Railway, who are both providing a national service reporting to the Board of Transport Commissioners.

MR. de GRANDPRE: But they are competitors in the real sense of the word in that they run parallel throughout the country and nowhere does the C.N.R., except by agreement, use their facilities in order to give national service.

MR. ALLARD: Well, again, there is the case of Trans-Canada Air Lines and the privately owned air lines which are competitive and which in some cases are interlocking, the case of feeder lines, which report to the Air Transport Board.

THE CHAIRMAN: Is there not a basic distinction that in both railway and air line cases you are dealing with commercial operations being carried on by a government? There is no element of public service such as there is in broadcasting.

MR. ALLARD: If I understand the C.N.R. correctly I do not think they would go along with us on this, they have complained publicly that one of their problems is that they are required to provide uneconomic service.

THE CHAIRMAN: That is one of their minor complaints but they also went through some elaborate organization in the last few years.



MR. ALLARD: Yes, but they have to give service without any hope of making a profit.

THE CHAIRMAN: I think you will find the C.P.R. also has complaints about non-profit lines they are keeping up.

MR. ALLARD: I should not be surprised, but there the element of public service is really less than ---

THE CHAIRMAN: I think Mr. de Grandpre's point is, not to find anything exact but anything even close to a system which seeks to provide a public service acting and operating for part of its national service through private enterprise stations or parts.

MR. ALLARD: I suppose, Mr. Chairman, that the degree of closeness depends on definition; it certainly is impossible to find an exact parallel because they are different.

THE CHAIRMAN: But your argument does depend on parallel?

MR. ALLARD: Yes, we regard these instances as being reasonably close, they are close enough to be guideposts.

THE CHAIRMAN: I think that the restrictive trade practices was quite a different set of circumstances so you cannot argue from one to another.

MR. ALLARD: There was really ---

THE CHAIRMAN: Or the set of reasons given by the Commission, they were applying these judicial functions.

MR. ALLARD: Yes, but the reasons bring up some remarkable similarities, they refer to the





Commission under the old system giving an appraisal and continuing investigation, and it goes on to say he is giving the compromising appearance of being at one and the same time prosecutor and judge:

"No matter how fully his assessment of a situation may be justified by results, its value is lessened by the inconstancy of his position.

"Many of the criticisms we received about the present procedures and the report turned on this point. It is important that the Act receive the widest possible public support. There seems to be no valid criticism of the fairness or the vigour of the administration of the Act, but as long as a single official is placed in the position of being required to perform incompatible functions there is room for a good deal of public misunderstanding. Furthermore, a separation of the two functions of investigation and appraisal would affect a logical, efficient and economical division of work."

THE CHAIRMAN: I am just searching for a case in the radio and television field where the CBC does in fact act as prosecutor and judge.

MR. STIRLING: I can give you a case that happened where we had a request to take a certain programme and we got the okay and it was refused on the local level and we had nowhere to appeal to.



THE CHAIRMAN: That is probably a perfectly valid complaint and perhaps if it is refused at the local level maybe it is within the CBC, there should be some board of appeal or something of that sort. I do not know.

MR. ALLARD: This is a local statement actually of the more general situation, as the situation now stands, if the CBC lays a complaint of violation of regulation against the station it is the CBC which decides whether the complaint is valid or not. Now, if we take it that the man who lays the charge is a policeman, the man who prosecutes the charge is a prosecutor and the man who decides what can be done is the judge, then in this instance the Corporation is involved in all three functions, there is nobody else to intervene.

THE CHAIRMAN: Well, in that matter somebody in the CBC would raise the issue of fact as to whether or not there had been an offence and if it was not settled between the private station and themselves, this official at the CBC, it would ultimately go before the Board of the CBC and I think that Board in hearing it is indistinguishable from an independent board hearing the same thing.

MR. ALLARD: Well, I suggest, Mr. Chairman, that the Board of Governors of the CBC must inevitably turn for advice and recommendation to the operating Corporation. We have no other alternative. The Commission will find a point made in the early part of our brief, I had better give the typewritten part,





the Commissioners themselves found this situation apparently giving them some trouble. On page 6, near the top, where we report a press release of the old Canadian Broadcasting Commission of the 28th of May, 1934, which is carried on pages 38 and 39 of the Parliamentary Broadcasting Committee's Minutes of 1936, the Commissioners said this:

"During the past few months there has been a good deal of discussion in the press and generally throughout the country with regard to the position of the Broadcasting Commission on the question of control and operation of radio in Canada. Very soon after coming into office the Commission found out that its position was a very difficult one in view of the fact that it was called upon to administer regulations and at the same time to be in the business of producing and distributing radio programmes throughout the country. In view of this experience the Radio Broadcasting Commission has found it advisable this year to recommend that regulation and operation should be separated, that the Radio Commission should be left in charge of the regulation of broadcasting but that a corporation should be formed owned by the Commission to be responsible for the preparation and distribution of programmes throughout the country."





Now, the suggested separation of functions very generally is the separation we suggest, but it is interesting that the Commission itself made the suggestion. Prior to that, beginning at the bottom of page 5, we refer to a memorandum issued by the Board of Commissioners or by two members thereof, reported on page 35 of a 1936 Parliamentary Committee and it says:

(Page 727 follows)



"I would like to call your attention to the fact that as the law stands at present the Broadcasting Commission is called upon to perform a dual function:

- (a) controlling and regulating radiobroadcasting in Canada;
- (b) production and distribution of programmes throughout Canada.

This means that the Commission is actively in the field in competition with private commercial stations insofar as the use of stations and time is concerned. The Commission is also in competition with private commercial stations to a very moderate extent in connection with commercial programmes over its own stations."

Of course, there was a moderate extent of programming over its own stations at that date but the Commission does say that the competition existed even then.

COMMISSIONER STEWART: Mr. Allard, irrespective of the merits or demerits of the two sides of the question, is this not a fact that stands out, at least in my mind it does; on one hand we have the non-Government stations advocating this, I would not say entirely but to some extent because of the fear of an incorrect decision which would hurt them. On the other hand, we have the regulator, the C.B.C., a public body open to criticism which has been criticised frequently in a dispute which would have wide public advertising. It seems to me they are in the same condition of fear as you are but for another reason, that they may not give a proper judgment and err in favour of themselves. I think both of you are in a tight position.





MR. ALLARD: We would be delighted to see the Corporation in a position where it did not have this fear and where it could concentrate its full time and energies on the production of direct broadcasting services.

MR. deGRANDPRE: But, as it stands now, you have no concrete complaints of instances where the C.B.C. did not act in the public interests?

MR. ALLARD: Well, we have given several instances where a very difficult decision has been made by the Corporation when the Corporation was one of the contending parties. All we suggest is this, it makes it extremely difficult to decide what is the public interest, but one of the contending parties has made the decision. It may be perfectly proper, it may be that had the same decision been made by an impartial body we would be perfectly satisfied with it, but how can you tell this was the right decision when it winds up, if you like, in favour of one of the contending parties.

MR. deGRANDPRE: But, in order to make the recommendations that we have been talking about it has to weigh the pros and cons of the proposition in the light of the public interest. I am trying to visualize the situation where any other attractions would detract the C.B.C. from its role of performing its public duty, it would not receive any benefit from it, what would be the reason it would detract the C.B.C. from its role of always keeping in mind the public interest.

MR. ALLARD: In the first place, generally, I will come to it specifically in a moment but, generally,



we all of us have a great tendency unconsciously to confuse our own interest with public interest, and we find that pretty easy to rationalize. Take the instance of Channel 860 in Toronto, obviously the C.B.C. benefitted a great deal by getting a channel which had over fifteen years built up a large and consistent following.

People even at that time had developed with radio to the point where they did not jump up off the chesterfield to switch the station; they were inclined to leave their dials in a certain position, and it was an item of valuable customer good-will. The fact was the Corporation had a good deal to gain by the use of this Channel. There is always going to be a doubt in my mind that this was really in the public interest. If a decision is made by a third party and he wins out you feel badly about the fact that you lost the case but you cannot quarrel with the third party judgment.

MR. deGRANDPRE: But it was, in fact, a third party that allocated 860 to the C.B.C., it was a Department of Transport?

MR. ALLARD: Formally, but the Department of Transport or the Minister of Transport more specifically, was acting on a recommendation of the corporation, and, as you know, nobody let alone a Minister of the Crown is likely to interfere with a decision on fact made by a body of original enquiry.

THE CHAIRMAN: If you had your new Commission or governing body take over the job that is now by statute placed on the Minister of Transport and then your 860 Channel shift took place, would you not then say that, just as the Minister of Transport, that body was merely





doing what the C.B.C. says to them, would you not then say the new body was doing what the C.B.C. says to them?

MR. ALLARD: We might disagree with the Board's decision, we could not disagree with the reasons for the decision if an impartial body finds against you.

THE CHAIRMAN: You would say it was not impartial, you would say they were listening to the C.B.C. and calling them for advice.

MR. ALLARD: Recently we had a case where the Courts found against us and we realized that while we felt badly about losing the case---

THE CHAIRMAN: Were these administrative tribunals that were necessarily advised by the opposing party?

MR. ALLARD: No sir, that is the very point I am making, these administrative tribunals, whether they found for or against us, were not connected with the contending party, and even when we lost this we felt badly about losing it, and we do not for a moment suggest that the tribunal has not been acting in the public interest, and we have to go along with it.

MR. deGRANDPRE: Listening to your argument I got the impression that your association reads words into the Act, words which are not there. Do you not read into the Act that the Minister of Transport is "bound" by the recommendation of the C.B.C., something which is not in the Act?

MR. ALLARD: No sir, we do not read that into the Act, and I agree with you that it is not there. What I suggest to you is, nobody who has recently lived or worked





in Ottawa or, for that matter, in other places connected with the Government or the judiciary would fairly defend the proposition that in this day and age the recommendation of a Board of original enquiry on points of fact is very rarely closely examined, let alone upset.

MR. deGRANDPRE: Where would you like this body to have its head office?

MR. ALLARD: Its head office ought to be in the City of Ottawa.

MR. deGRANDPRE: What difference would that mean then where there is a new Board close to the C.B.C., close to the Department of Transport? It seems to me it would not take very long until you had everybody in the same pie again.

MR. ALLARD: We are not suggesting the physical location has any effect but the Board of Transport Commissioners is in Ottawa, the Air Transport Board is in Ottawa.

THE CHAIRMAN: Both Railways are in Montreal.

MR. ALLARD: The physical location - have the Board in Toronto or Montreal or Moose Jaw, we do not care. It still seems logical to have it in the capital city, and I do not want to get into any particular trouble with Miss Whitton, in case she reads this.

THE CHAIRMAN: . I had a question here, I was under the impression reading your brief that you had very definite complaints, not in general terms but specific complaints about the operation of the Board of Governors of the C.B.C., and I had a question; for instance, during the past ten years how many complaints did you have, and



what was the nature of those complaints, specific complaints about an excess of authority by the C.B.C. or a dictatorial decision which was not in the public interest?

MR. ALLARD: Let me give you one instance; for a good many years there was a regulation on the books which prohibited any broadcasting station from mentioning on the air the price of any commodity or service, the only exception to this was the price of a pamphlet published by the Corporation itself. For some fourteen years this association tried to find out why it was considered against the public interest to mention that a package of cigarettes was twenty-two cents, as it was when this argument started, We never did find out. Now, we took a good many formal and informal representations to the Corporation, and in due course the regulation was modified on a six months trial basis which spread into two or three years and it was dropped from the new regulations when they were re-written in approximately October of 1952. Now, this is one example, the regulation was so little in the public interest that we found the public did not even know after the regulation had been dropped that it was there in the first place. They were surprised when we told them they could now hear prices.

(Page 730 follows)





THE CHAIRMAN: Before you leave that, there is no conflict of interests in duties there?

MR. ALLARD: No sir, we are giving examples of specific things.

THE CHAIRMAN: But you could have had the same thing happen with a separate regulatory board?

MR. ALLARD: Not necessarily.

THE CHAIRMAN: I am not saying "necessarily" either. I am saying you might have. What is there about this separate regulatory board that affects it? You are complaining about a regulation. True, it may be a silly regulation.

MR. ALLARD: A separate regulatory body may find capriciously--well, I will make no point of that.

There are other specific examples, and one I mentioned this morning was the prohibition against mentioning the name of the manufacturer of a phonographic record or transcription on the air. That was finally dropped without any formal action being taken, because nobody was paying any attention to it.

MR. deGRANDPRE: The same regulations apply to the C.B.C. stations as well as privately owned stations.

THE CHAIRMAN: The C.B.C. has no particular interest in this regulation. It is no advantage to them. I may be a silly regulation and it may not. There may be good reasons for it, but there is no conflict of interest in duty.

MR. ALLARD: The only difference is this, that we don't know, while an independent regulatory body might rule capriciously - there is nothing to stop any tribunal doing this...



MR. deGRANDPRE: Let us take, for instance, that I force you to do something, but equally I force myself to do the same thing; so, it must be in our mutual interests if I force myself to do the same thing?

MR. ALLARD: It could be and it could not be; it may be a mutual advantage or a mutual disadvantage, or it may be of particular advantage to you to prevent me doing it.

MR. deGRANDPRE: These are the complaints you have against the C.B.C., that their regulations prevented you from advertising the price of a given product, and they prevented you from indicating the origin of the particular record that was being played, and things like that?

MR. ALLARD: Oh no, sir, I am merely taking a couple of examples at random that happen to occur to me, and, given an opportunity, we can go through some of the old regulations and our records and draft a document giving you a few more.

MR. deGRANDPRE: If you could, yes.

THE CHAIRMAN: So that we would know of instances of substance. Let me say this about the whole subject that we are on, and indeed any subject; We are only starting, we are not a Court of law that has to confine itself to pleadings and, so to speak is stuck with them. One of the advantages of this Commission procedure may be that you can get exchanges of views and a bit of debate and a bit of re-examination of various items, and I hope that nobody interested in this will feel that because they put in a brief that said one thing that if they feel, on





further debate and re-examination, that they wish to take a different view, that they cannot come back and say so. Nobody will accuse them of being evasive or dishonest the first time.

MR. ALLARD: Thank you, Mr. Chairman.

THE CHAIRMAN: My point is, if there is any good can come out of this enquiry - and you have mentioned the controversy - it may be sometimes that a good ding dong open debate is a good way to get things settled, and by which we can get some of the allegations of controversy out of the subject of broadcasting, and some of the old firmly held and perhaps stubbornly held, at times, ideas - and I am not saying either side is stubborn - let us try and do it, because you then clear away the interference from getting on with what Mr. Dunton stated about a partnership and state operation. If there are changes of thought or amplifications or amendments we will be glad to have them when we see you in the fall or in the meantime if we get to that point.

MR. ALLARD: Mr. Lynds, Mr. Chairman, brings a point to my attention: He would like me to emphasize the fact that this association and its membership really have no quarrel with the Canadian Broadcasting Corporation as such - a point we made in our opening statement; we certainly have no quarrel with the operating Corporation. Our quarrel, if any, is with a legislative situation which has forced upon the Corporation a combination of functions and powers that we regard as not being in the public interest, and that is as far as it goes, and that all we are seeking really is a partnership which we believe is





predicated upon the points we brought up in our representations and in further reply to your questions about specific complaints. I don't want to go into detail at this time, but if you look at supplement No. 12...

THE CHAIRMAN: That is Exhibit No. 30.

MR. ALLARD: ...you will find a further list beginning at page 18 and extending on three or four pages beyond that.

MR. deGRANDPRE: On this subject I understand that you will be preparing a list of the main complaints that you have had for, let us say, the past five or ten years, and could you also give us in the same document, if it is at all possible, what was the final outcome of the complaints - whether the ruling was against the Association or whether it was in favour of the Association, and how it was remedied, so that we will have the complete picture before us.

MR. ALLARD: Yes sir, we shall certainly be prepared to do that; and also these further examples starting at page 8 of Exhibit 30.

COMMISSIONER TURCOTTE: Mr. Allard, this is a question of general character I would like to put; it is about the independent regulatory board. In the event that a new board was created by the Government it would, of course, be appointed by the Government of the day, and it would also be composed of men representing geographically and professionally, men who would be practically of the same type that are chosen presently for the present Board of Governors of the C.B.C.



They would also, I assume, be given the same responsibility, because Parliament, in fact several Parliaments over a long period of years, have expressed that wish of giving Canadians from ocean to ocean radio and television service serving the interests of all Canadians, both in the cultural fields and the linguistic fields, uniting Canadians together, also bearing in mind the existence of two languages in the country, and finally mindful of the minority interests - by that I mean minority in tastes, and that new Board, mindful of its new responsibilities, do you not think that very soon after its inception it would continue to apply by the very force of circumstances the very same regulations that the Board of Governors of the C.B.C. now applies in order to reach this standard, and therefore wouldn't it be a mere super-imposition of a new body over another one, because it wouldn't change the end result?

MR. ALLARD: We may be thinking of two entirely different things. We are visualizing that the Board of Governors of the Canadian Broadcasting Corporation would remain in existence and would be the citizen body, if you like, supervising the affairs of the Corporation, but that there would also be a three-man, or at the most a five-man, Board specifically appointed for the purpose of administering the present regulatory functions only of the Corporation - not of its operating - regulatory.

COMMISSIONER TURCOTTE: Wouldn't that also imply regulation of the quality of programs put on the air, and the period given to commercial announcements, recordings, and so forth--all that would require







regulations in the better interests of Canada.

MR. ALLARD: Yes sir, these are regulatory powers and they would be applied by this tribunal to the extent that they were found necessary.

COMMISSIONER TURCOTTE: Wouldn't it be accomplishing the very same function that the Board of Governors of the C.B.C. are accomplishing to-day?

MR. ALLARD: No sir, it is entirely different, we suggest - even in the sense of supervisory, and that the Board of Governors of the Corporation would then be in a position to devote all its energies to supervisory and assisting the Corporation. The regulatory function would be completely in the hands of the new tribunal.

MR. deGRANDPRE: You are referring, Mr. Allard, in your brief to the competition for talent between the private stations and the C.B.C. Is this not the natural result of a private station in competition with a network for talent whether it be private or publicly owned?

MR. ALLARD: To a very large extent this is true, and you will notice that the particular point we make is that the network situation in Canada is, in fact, a single network.

MR. deGRANDPRE: I think we have cleared that point, that it could have been a double network.

MR. ALLARD: Yes. If the other network were a privately owned instead of a state owned network, the particular set of circumstances we point up would be of no account. The fact it is state owned gives it an advantage. The privately owned network presumably would have to break even over a period of time. They have to operate with



due regard to economic factors.

MR. deGRANDPRE: Yes, but if a network has to give a National service, that is another different network operation. You are talking about a commercial network, and that can go wherever there is a certain amount of population.

(Page No. 737 follows)



MR. ALLARD: It is not the service that determines your costs, it is the way you go at providing your services.

MR. deGRANDPRE: Do you mean to say that if you have to serve an area where there is practically nobody that it increases the cost to sponsors, that has no bearing on the cost of the service you are giving?

MR. ALLARD: Well, broadcasting does not work that way, you are not putting up stations or network connections in places where there is nobody, and charging it back to the sponsor. The C.B.C. in order to comply with the terms of the Act, in order to give as complete a service to all Canadians, has to spread its service across the country in areas where the population is not very thick.

MR. deGRANDPRE: Well, the population may not be very thick but a station in a certain spot operating on high power can cover a great number of people even if there is no great concentration of people within that area, and I suggest that the Corporation is hardly likely, for any reason at all, to put up stations where nobody is going to hear them, or such a relatively few people it really does not matter. They have something in the Yukon and Northwest Territories about which we will hear tomorrow.

THE CHAIRMAN: May I ask you what remains of the situation, have you much more to cover?

MR. deGRANDPRE: Not very much.

THE CHAIRMAN: I thought perhaps some of the members of the C.A.R.T.B. might want to get home tomorrow. We can sit for some time tomorrow if need be, but if it is the kind of thing that you can finish in a few minutes





we can finish this up and go further into it when we meet in the Fall.

MR. deGRANDPRE: I have already touched on most of the items, and I will go rapidly over what is left. We have been talking about the powers of this new regulatory Board that you have mentioned, but I don't think we have in specific terms obtained from you the powers that you think this Board should have in detail.

MR. ALLARD: Well, the first document we filed this morning.

THE CHAIRMAN: I think that is a fairly complete coverage of the powers of the Board.

MR. deGRANDPRE: Unfortunately I did not have an opportunity to read that.

THE CHAIRMAN: I think that covers it. I have some questions to ask you but maybe they have been asked already and we can check them again.

MR. deGRANDPRE: Well, in view of the fact that I have not read this particular document to which you refer that will avoid asking questions now because that is all there was left.

(No. 747 follows)



THE CHAIRMAN: I think the document itself is fairly clear and straightforward. Whether you agree with it or not is one of the things you have to decide.

I have only one question finally and it does appear in this document. You make a point, and you made it yesterday and it was widely reported, that you insist there should be no Government interference with any expression of news, opinion or comment. I just want to ask you the simple question, has there been any interference by the Government with the expression of news, opinion or comment, and is there any to-day?

MR. ALLARD: That, Mr. Chairman, is one of those questions that is always extremely difficult to answer for the simple reason that if there had been it is not the kind of thing that you can put your finger definitely and specifically on.

COMMISSIONER STEWART: I think we can get at that fairly quickly by asking, are the non-Government stations required to submit a script to the regulating body prior to it going over the air?

MR. ALLARD: I believe the power is in the regulations.

COMMISSIONER STEWART: But it is not insisted on; is that right?

MR. ALLARD: I think in general practice, I don't think every copy of every script is forwarded...

COMMISSIONER STEWART: No, I am not saying anything about forwarding. Have they to be vetted before they are put over the air - vetted by the C.B.C.?

MR. ALLARD: I haven't heard of any examples.

COMMISSIONER STEWART: I think that answers





the question, doesn't it?

THE CHAIRMAN: I would think so.

COMMISSIONER STEWART: In any event, there is no interference so far.

THE CHAIRMAN: For supervision purposes is there any monitoring in private stations that you know of?

MR. STIRLING: For program content?

THE CHAIRMAN: Yes.

MR. STIRLING: No, we send a copy of our log each week and a copy of our financial statements at the end of each year.

THE CHAIRMAN: I think Mr. Stewart's question does really raise--you did give this impression, but as far as you know now there is no Government interference in news, opinion or comment?

MR. STIRLING: Government or C.B.C.?

COMMISSIONER STEWART: Either.

MR. STIRLING: There is no Government whatsoever.

MR. ALLARD: Our point could be summed up in this way; it is always a matter of some concern when dealing with a licensed industry, and we thought it may be useful to have the powers of the Board so organized to close out the possibility in future. I think that is the only point.

MR. deGRANDPRE: On this point, there is no censorship over the news that you put on the air--except in wartime--but in times of peace?

MR. ALLARD: There is no censorship machinery at all.



MR. deGRANDPRE: At all?

MR. ALLARD: No sir.

MR. deGRANDPRE: And you can obtain from whichever source you wish to go to all the news that you want to put on the air?

MR. ALLARD: We can now, yes sir.

MR. deGRANDPRE: That, I think, answers the question, thank you. That is all, Mr. Chairman.

THE CHAIRMAN: We will adjourn now, and I want to thank you, Mr. Allard, for letting us worry you over a long couple of days.

MR. STIRLING: This morning there was an expression on the private network aspect of this thing insofar as television is concerned, and I think it is fair, to sum up our general feelings on this by saying that we are not advocating a private network which would weaken the National system as it exists to-day.

THE CHAIRMAN: I am glad to get this, because I think I had this view from the way it finally came out, but it is well to have it clear.

MR. STIRLING: We are not advocating a weakening of the present system. We are advocating a better competitive system, that is all. We know some of the problems the C.B.C. have in maintaining its system.

MR. ALLARD: In closing, Mr. Chairman, may I on behalf of my colleagues and myself express our thanks for your very fair and attentive listening to our case.

---Whereupon the hearing adjourned at 5:05 P.M. until 10 o'clock Friday, May 4, 1956.

















